



UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **SHIFA INTERNATIONAL HOSPITALS LIMITED** for the year ended June 30, 2025 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2025.

ISLAMABAD
DATED: 16 SEP 2025
UDIN : CR202510060gxijARO8X



BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS
Engagement Partner: Atif Riaz

BDO Ebrahim & Co. Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHIFA INTERNATIONAL HOSPITALS LIMITED

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **SHIFA INTERNATIONAL HOSPITALS LIMITED** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2025, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of material accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows, together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2025 and of the profit and comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the unconsolidated financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of unconsolidated financial statements of the current period. These matters are addressed in the context of our audit of the unconsolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Ebrahim & Co. Chartered Accountants

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Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition (Refer note 27 to the unconsolidated financial statements) Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. During the year ended June 30, 2025, the Company recognised aggregate revenue of Rs. 27,967.661 million from rendering of services to inpatients, outpatients, external pharmacy outlets, cafeteria sales and operating leases to related parties/ other parties. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions with a large number of customers in various geographical locations and revenue being one of the key performance indicators of the Company. Accordingly, it was considered as a key audit matter.	Our procedures in relation to revenue recognition, amongst others, included: • Understood and evaluated management controls over revenue and verified their validations; • Performed test of controls and evaluation of Information Technology General Controls (ITGC) with the assistance of our IT expert to assess the operating effectiveness of controls related to the automation of revenue recognition; • Verified that revenue has been recognised in accordance with the Company's accounting policy and the applicable reporting framework; • Performed verification of sample of revenue transactions with underlying documentation including invoices, agreements, charge-sheets and other relevant underlying documents; • Verified receipts from customers on sample basis against the revenue booked during the year; • Performed cut-off procedures on sample basis to ensure revenue has been recognised in the correct period; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and • Assessed the appropriateness of disclosures made in the financial statements related to revenue as required under the applicable reporting framework.

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Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	Expected credit loss allowance on trade debts (Refer note 22 to the unconsolidated financial statements) The Company has recognised balance of an expected credit loss allowance of Rs. 293.877 million on gross amount of trade debts of Rs. 1,755.333 million as at June 30, 2025. Under IFRS 9, the Company is required to recognise expected credit loss allowance for financial assets using Expected Credit Loss (ECL) model. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience, time value of money and forward-looking macroeconomic information etc. We have considered the expected credit loss assessment as a key audit matter due to the significance of estimates and judgments involved.	Our audit procedures in relation to expected credit loss assessment of trade debts, amongst others, included the following: • Understood the management's process for estimating the ECL in relation to trade debts. Assessed and evaluated the assumptions used by the management in determining impairment loss under the ECL model; • Verified appropriateness of ageing, on sample basis, by comparing individual balances with underlying documentation; • Reviewed the appropriateness of assumptions used for ECL computation from relevant external and internal sources; • Circularised balance confirmation for trade debtors on sample basis and evaluated responses received; • Verified subsequent clearance of balances due as of June 30, 2025 on sample basis; and • Assessed the appropriateness of disclosures related to impairment assessment of trade debts as required under the applicable reporting framework.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the unconsolidated financial statements and our auditor's report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Atif Riaz.

ISLAMABAD

DATED: 16 SEP 2025

UDIN : AR202510060Lvq8Jxr7c

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

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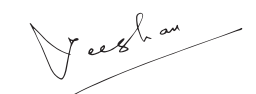
UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

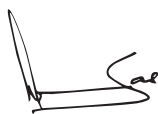
		2025	2024
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital 100,000,000 (2024: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	5	632,144	632,144
Capital reserves			
Share premium	6	2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment	7	1,104,985	920,827
Revenue reserves			
Unappropriated profit		9,830,602	7,624,157
		14,306,619	11,916,016
NON - CURRENT LIABILITIES			
Long term financing - secured	8	853,419	579,756
Deferred liabilities	9	289,268	389,394
Lease liabilities	10	506,524	526,907
		1,649,211	1,496,057
CURRENT LIABILITIES			
Trade and other payables	11	4,865,657	4,044,057
Unclaimed dividend		48,935	44,730
Markup accrued	12	7,974	23,858
Taxation - net	13	104,501	-
Current portion of long term financing - secured	8	255,190	495,195
Current portion of lease liabilities	10	192,895	266,739
		5,475,152	4,874,579
		21,430,982	18,286,652
CONTINGENCIES AND COMMITMENTS	14		

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE

		2025	2024
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	15	8,618,241	6,837,904
Intangible assets	16	43,052	40,780
Investment property - at cost	17	624,872	720,292
Long term investments - at cost	18	4,522,553	5,060,970
Long term deposits	19	105,003	113,937
		13,913,721	12,773,883
CURRENT ASSETS			
Stores, spare parts and loose tools	20	224,161	243,579
Stock in trade	21	959,987	1,018,321
Trade debts	22	1,461,456	1,346,189
Loans and advances	23	138,025	157,457
Deposits, prepayments and other receivables	24	196,244	185,398
Markup accrued		19,219	4,102
Other financial assets	25	1,006,355	202,566
Taxation - net		-	225,780
Cash and bank balances	26	3,511,814	2,129,377
		7,517,261	5,512,769
		21,430,982	18,286,652



CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Revenue - net	27	27,967,661	23,563,840
Other income	28	402,822	190,123
Operating costs	29	(23,737,514)	(20,944,954)
Finance costs	30	(353,832)	(441,054)
Expected credit losses	24.2 & 41.1.3	(144,421)	(111,778)
Profit before levies and income tax		4,134,716	2,256,177
Levies	31	(6,923)	(7,288)
Profit before income tax		4,127,793	2,248,889
Income tax expense	31	(1,798,813)	(886,815)
Profit for the year		2,328,980	1,362,074
Earnings per share - basic and diluted (Rupees)	32	36.84	21.55

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Profit for the year		2,328,980	1,362,074
Other comprehensive income			
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss:			
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	11.5.4	(50,820)	(76,024)
Surplus on revaluation of land	15	181,216	-
		130,396	(76,024)
Total comprehensive income for the year		2,459,376	1,286,050

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2025

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un-appropriated profit	Total
(Rupees in '000')					
Balance as at July 01, 2023	632,144	2,738,888	936,615	6,511,963	10,819,610
Total comprehensive income					
Profit for the year	-	-	-	1,362,074	1,362,074
Other comprehensive loss - net of tax	-	-	-	(76,024)	(76,024)
	-	-	-	1,286,050	1,286,050
Realisation of revaluation surplus on disposal of assets	-	-	(4,284)	4,284	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(11,504)	11,504	-
Distribution to owners					
Dividend - final 2023 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Dividend - interim 2024 @ Rs. 1.5 per share	-	-	-	(94,822)	(94,822)
Balance as at June 30, 2024	632,144	2,738,888	920,827	7,624,157	11,916,016
Total comprehensive income					
Profit for the year	-	-	-	2,328,980	2,328,980
Other comprehensive income / (loss) - net of tax	-	-	181,216	(50,820)	130,396
	-	-	181,216	2,278,160	2,459,376
Transfer upon merger (refer note 1.1)	-	-	28,730	60,533	89,263
Realisation of revaluation surplus on disposal of assets	-	-	(14,517)	14,517	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(11,271)	11,271	-
Distribution to owners					
Dividend - final 2024 @ Rs. 2.5 per share	-	-	-	(158,036)	(158,036)
Balance as at June 30, 2025	632,144	2,738,888	1,104,985	9,830,602	14,306,619

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and income tax		4,134,716	2,256,177
Adjustment of non-cash income and expense	40	2,019,813	2,070,835
Operating cash flows before changes in working capital		6,154,529	4,327,012
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		16,746	33,556
Stock-in-trade		58,334	(59,368)
Trade debts		(167,997)	(73,340)
Loans and advances		19,432	(12,227)
Deposits, prepayments and other receivables		(34,735)	85,381
Increase / (decrease) in current liabilities:			
Trade and other payables		483,989	(779,810)
		375,769	(805,808)
Cash generated from operations		6,530,298	3,521,204
Finance costs paid		(258,570)	(395,644)
Income tax paid		(1,555,738)	(827,215)
Payment to SIHL Employees' Gratuity Fund Trust		(215,360)	(242,112)
Compensated absences paid		(89,047)	(72,684)
Payment to defined contribution plan		(103,971)	(84,300)
Net cash generated from operating activities		4,307,612	1,899,249
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(1,083,951)	(616,043)
Addition to intangible assets		(5,787)	-
Addition to long term investments		(1,159,104)	(425,000)
(Investment) / encashment of other financial assets - net		(750,296)	155,377
Proceeds from disposal of PPE		5,317	4,662
Proceeds on derecognition of investment		-	2,265
Proceeds from disposal of investment property		-	26,000
Markup received		170,255	64,889
Dividend received		50,926	16,975
Decrease / (increase) in long term deposits		6,308	(23,801)
Net cash used in investing activities		(2,766,332)	(794,676)

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - repayments		(504,047)	(881,581)
Proceeds from long term financing		537,704	216,122
Payment of lease liabilities		(329,771)	(317,832)
Dividend paid		(153,831)	(181,869)
Net cash used in financing activities		(449,945)	(1,165,160)
Net increase / (decrease) in cash and cash equivalents		1,091,335	(60,587)
Cash and cash equivalents at beginning of the year		2,132,377	2,219,433
Cash and cash equivalents of amalgamated company		283,903	-
Effect of exchange rate changes on cash and cash equivalents		7,199	(26,469)
Cash and cash equivalents at end of the year	38	3,514,814	2,132,377

The annexed notes from 1 to 48 form an integral part of these unconsolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited (the Company / SIHL) was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and converted into a public limited company on October 12, 1989. The shares of the Company are quoted on Pakistan Stock Exchange Limited. The registered office of the Company is situated at Sector H-8/4, Islamabad.

The principal activity of the Company is to establish and run medical centers and hospitals in Pakistan. The Company has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The Company is also running medical centers, lab collection points and pharmacies in different cities of Pakistan.

Geographical locations of business units of the Company are as follows:

H-8 Hospital, Pitras Bukhari Road, Sector H-8/4, Islamabad

Neuro Sciences Institute, Pitras Bukhari Road, Sector H-8/4, Islamabad

G-10 Hospital, G-10 Markaz, Islamabad

Shifa Medical Center, Gulberg Greens, Islamabad

Faisalabad Hospital, Main Jaranwala Road, Faisalabad

	2025	2024
Percentage share of total revenue given in note 27 is as follows:		
Islamabad	97%	97%
Faisalabad	3%	3%
	100%	100%

1.1 Merger / amalgamation of Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) with and into the Company

The board of directors of the Company and SNS Islamabad, in their respective meetings held on February 22, 2025, and February 24, 2025, approved the merger / amalgamation of SNS Islamabad with and into the Company in accordance with the provisions of section 284 of the Companies Act, 2017. The Company has filed scheme of amalgamation along with requisite documentation to the Securities and Exchange Commission of Pakistan (SECP) on March 25, 2025, effective date of amalgamation, which has been acknowledged by SECP on May 9, 2025. The Company has adopted the predecessor method of accounting for the merger of SNS Islamabad as per the S.R.O 52 (I) 2022 issued by SECP to account for common control transactions. As it was business combination under common control and therefore, scoped out of IFRS 3 'Business Combinations'.

Accordingly, on March 25, 2025, the Company recorded in its books the assets and liabilities transferred from SNS Islamabad at their respective carrying values, after eliminating all intercompany balances and transactions without paying any consideration. The difference between the value of net assets acquired as a result of the merger and the cost of investment was fully adjusted through recognition in accumulated profit and transfer to

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

the surplus on revaluation of property, plant and equipment. Accordingly, no amount has been recognised as a "Merger reserve" in the financial statements. Furthermore, the items appearing in the statement of profit or loss and the statement of comprehensive income of SNS Islamabad are incorporated prospectively from the effective date of merger / amalgamation into the financial statements of the Company. Consequently, these financial statements do not reflect the results of SNS Islamabad for the period before the merger transaction occurred and the corresponding amounts for the previous year presented are not restated.

Following the amalgamation, the Company is pursuing title transfer of land through a registered sale deed with the CDA. The initial suit filed by CDA was dismissed on January 29, 2024, and is now under appeal before the Islamabad High Court. The Company's management, based on advice from legal counsel, remains confident of favorable resolution in the aforementioned matter.

Detail of carrying amount of amalgamated SNS Islamabad's assets and liabilities as on merger date are as follows:

	(Rupees in '000')
Assets	
Non-current assets	
Property	1,024,115
Investment property	503,681
	1,527,796
Current assets	
Investment - at amortised cost	259,563
Markup accrued	110
Cash and bank balances	24,339
	284,012
Total assets	1,811,808
Liabilities	
Security deposit	20,278
Accrued liabilities	2,509
Taxation - net	2,237
	25,024
Total liabilities	25,024
Net assets	1,786,784
Adjusted against cost of investment in amalgamated company	1,697,521
	89,263
Accumulated profit recognised by the Company till date of merger	60,533
Transfer to surplus on revaluation of property, plant and equipment	28,730
Merger reserve	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements of the Company have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention, except for certain items as disclosed in relevant accounting policies.

In these unconsolidated financial statements, being the separate financial statements of the Company, investment in subsidiaries and associates are stated at cost rather than on the basis of reporting results of the investee. Consolidated financial statements are prepared separately.

2.3 Functional and presentation currency

These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional currency.

2.4 Use of estimates and judgments

The preparation of unconsolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The areas where various assumptions and estimates are significant to the Company's unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

Notes 4.2, 4.3, 4.16.4 and 8	Estimate of fair value of financial liabilities at initial recognition
Notes 4.4, 4.5, 9, 13 and 31	Provision for taxation
Notes 4.6, 10 and 15	Right of use asset and corresponding lease liability
Notes 4.8, 11.4 and 11.5	Employee benefits
Notes 4.9, 4.10 and 14	Provisions and contingencies
Notes 4.11 and 15	Estimate of useful life of property, plant and equipment
Notes 4.12 and 16	Estimate of useful life of intangible assets
Note 4.14	Impairment of non-financial assets
Notes 4.15 and 18	Estimate of recoverable amount of investment in subsidiaries and associates
Notes 4.16.2, 24.2 and 41.1.3	Expected credit loss allowance
Notes 4.17 and 20	Provision for slow moving stores, spares and loose tools

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the unconsolidated financial statements other than certain additional disclosures.

3.2 New accounting standards, amendments and interpretations that are not yet effective

	Effective date (annual periods beginning on or after)
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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**Effective date
(annual periods
beginning on or
after)**

IFRS 17 Insurance Contracts

January 01, 2026

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRIC 12 'Service Concession Arrangement' has been issued by IASB effective from January 01, 2008. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements.

4.1 Share capital and dividend

Dividend is recognised as a liability in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

4.2 Financing and finance cost

Financing is recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, financing is stated at amortised cost with any difference between cost and redemption value being recognised in the unconsolidated statement of profit or loss over the period of the financing on an effective interest basis. Finance cost is recognised as an expense in the period in which it is incurred.

4.3 Government grants

Government grants are transfer of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities e.g. a government subsidy.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Grants that compensate the Company for expenses incurred, are recognised on a systematic basis in the income for the year in which the finance cost is recognised and reported net of grant in note 30.

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

4.4 Taxation

Taxation for the year comprises current and deferred tax. Taxation is recognised in the unconsolidated statement of profit or loss except to the extent that it relates to items recognised directly in the unconsolidated statement of changes in equity and unconsolidated statement of comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.5 Levies

Minimum tax, final tax and super tax not based on taxable profits are recognised as a levy in the unconsolidated statement of profit or loss. The amount calculated on taxable income using the notified tax rate is recognised as current income tax expense for the year in the statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 ("the Ordinance") over the amount designated as current income tax for the year, is then recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

4.6 Leases

4.6.1 Right of use assets (ROUs)

The Company recognises right of use assets and a lease liability at the lease commencement date. The right of use assets is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of right of use assets are determined as those of similar assets or the lease term as specified in contract. In addition, the right of use assets is periodically reduced by impairment loss, if any, and adjusted for certain remeasurements of the lease liability.

The Company has not elected to recognise right of use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.6.2 Lease liability

The lease liability is initially measured at the present value of the future lease payments discounted using the Company's incremental borrowing rate. Lease payments in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use assets, or is recorded in unconsolidated statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero.

4.7 Trade and other payable

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

4.8 Employee benefits

Defined benefit plan

The Company operates approved funded gratuity scheme for all its non management employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the unconsolidated statement of profit or loss. The actuarial gain or loss at each evaluation date are charged to unconsolidated statement of comprehensive income.

The amount recognised in the unconsolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity asset requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions and determined by actuary.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where monthly contribution equal to 1/12th of eligible salary is made by the Company in employees' pension fund account maintained with designated asset management company and recognised as expense in the unconsolidated statement of profit or loss as and when they become due. Employees will be eligible for pension fund on the completion of minimum qualifying period. On fulfilment of criteria accumulated contribution against qualifying period of services from the date of joining classified as deferred liability and will be transferred to employees' pension fund account.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted prospectively to reflect the current best estimates.

4.10 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Company discloses significant contingent liabilities for the pending litigations and claims against the Company based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the reporting date. However, based on the best judgment of the Company and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the reporting date.

4.11 Property, plant and equipment

Property, plant and equipment except freehold and leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated amortisation and impairment loss while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment loss, if any.

Any revaluation increase arising on the revaluation of land is recognised in unconsolidated statement of comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the unconsolidated statement of profit or loss, in which case the increase is credited to the unconsolidated statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to the unconsolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on leasehold land to the extent of incremental depreciation charged is transferred to unappropriated profit.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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Capital work in progress and stores held for capital expenditure are stated at cost less impairment loss recognised, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs that do not meet the recognition criteria are charged to the unconsolidated statement of profit or loss as and when incurred.

Depreciation / amortisation is charged to the unconsolidated statement of profit or loss commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation / amortisation is charged when the asset is available for use and up to the month preceding the asset's classified as held for sale or derecognised, whichever is earlier.

Assets are derecognised when disposed off or when no future economic benefits are expected to flow from its use. Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised on net basis in the unconsolidated statement of profit or loss.

The Company reviews the useful lives of property, plant and equipment on a regular basis. Similarly revaluation of lands are made with sufficient regularity. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortisation charge and impairment.

4.12 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any. Subsequent cost on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the unconsolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortisation on additions to intangible assets is charged from the month in which an item is acquired or capitalised while no amortisation is charged for the month in which the item is disposed off.

The Company reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortisation charge and impairment.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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4.13 Investment property - at cost

Investment property, principally comprising of land, is held for long term capital appreciation and is valued using the cost method i.e. at cost less impairment loss, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs, if any.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as income or expense in the unconsolidated statement of profit or loss.

4.14 Impairment of non - financial assets

The Company assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the unconsolidated statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognised in the unconsolidated statement of profit or loss.

4.15 Investments

All purchases and sales of investments are recognised using settlement date accounting. Settlement date is the date on which the investments are delivered to or by the Company. All investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.15.1 Investment in subsidiary

Investment in subsidiary is initially recognised at cost. At subsequent reporting date, recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investment is adjusted accordingly. Impairment loss is recognised as expense in the unconsolidated statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amount of investment are increased to its revised recoverable amount, limited to the extent of initial cost of investment. Reversal of impairment loss is recognised in the unconsolidated statement of profit or loss.

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The profit or loss of subsidiary is carried forward in their financial statements and is not dealt within these unconsolidated financial statements except to the extent of dividend declared by the subsidiaries. Gain or loss on disposal of investment is included in unconsolidated statement of profit or loss. When the disposal of investment in subsidiary results in loss of control such that it becomes an associate, the retained investment is carried at cost.

4.15.2 Investment in associate

Investment in associate is initially recognised at cost. At subsequent reporting date, the recoverable amounts are estimated to determine the extent of impairment loss, if any, and carrying amount of investments are adjusted accordingly. Impairment loss is recognised as expense in the unconsolidated statement of profit or loss. Where impairment loss is subsequently reversed, the carrying amount of investment is increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognised in the unconsolidated statement of profit or loss. The profit or loss of associate is carried forward in their financial statements and is not dealt within these unconsolidated financial statements except to the extent of dividend declared by the associate. Gain or loss on disposal of investments is included in the unconsolidated statement of profit or loss.

4.16 Financial assets

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The Company classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- amortised cost.

Subsequent measurement

i) Debt instrument at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gain or loss and impairment are recognised in the unconsolidated statement of profit or loss. Other net gain or loss is recognised in the unconsolidated statement of comprehensive income. On derecognition, gain or loss accumulated in the unconsolidated statement of comprehensive income are reclassified to the unconsolidated statement of profit or loss.

ii) Equity instrument at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain or loss is recognised in the unconsolidated statement of comprehensive income and is never reclassified to the unconsolidated statement of profit or loss.

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iii) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gain or loss, including any interest / markup and dividend income, are recognised in the unconsolidated statement of profit or loss.

iv) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss. Interest / markup income, foreign exchange gain or loss and impairment are recognised in the unconsolidated statement of profit or loss.

4.16.1 Other financial assets

Investment in units of mutual funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gain or loss is recognised in the unconsolidated statement of profit or loss.

Investment in term deposit receipts is classified as amortised cost and is initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently, these investments are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment loss, if any. Interest / markup income, loss and impairment are recognised in the unconsolidated statement of profit or loss.

4.16.2 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the simplified approach for trade debts which requires expected life time losses to be recognised from initial recognition of the receivables.

The Company recognises life time ECL for trade debts, using the simplified approach. The ECL on trade debts is estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of current as well as the forecast direction of conditions at the reporting date. Life time ECL against other receivables is also recognised due to significant increase in credit risk since initial recognition.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amount at the reporting date reduced by security deposit held. For other financial assets, the ECL is based on the 12 month ECL. The 12 month ECL is the portion of life time ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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The Company recognises an impairment loss in the unconsolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Company writes off financial assets that are still subject to enforcement activities. Subsequent recoveries of amounts previously written off will result in impairment gain.

4.16.3 Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.16.4 Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain or loss, including any interest expense, are recognised in the unconsolidated statement of profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain or loss is recognised in the unconsolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in the unconsolidated statement of profit or loss.

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liabilities' cash flows have been substantially modified.

4.16.5 Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the unconsolidated statement of financial position, if the Company has a legally enforceable right to set off the recognised amounts, and the Company either intends to settle on a net basis, or realise the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.17 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realisable value, whichever is lower. For items which are slow moving or identified as surplus to the Company's requirement, a provision is made for excess of book value over estimated net realisable value.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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The Company reviews the carrying amount of stores, spare parts and loose tools on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

4.18 Stock in trade

Stock in trade is valued at lower of cost, determined on moving average basis or net realisable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

The Company reviews the carrying amount of stock in trade on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stock in trade with a corresponding affect on the provision.

4.19 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Past years experience of credit loss is used to base the calculation of credit loss.

4.20 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amount of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition.

4.21 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gain or loss arising on retranslation is included in the unconsolidated statement of profit or loss.

4.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The management has determined that the Company has a single reportable segment as the board of directors view the Company's operations as one reportable segment.

4.23 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Company is recognised when the services are provided, and thereby the performance obligations are satisfied.

Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. Company's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient

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and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognised at that point in time, as the control has been transferred to the customers.

Receivable is recognised when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Company recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as 'advances from customers' in the unconsolidated statement of financial position.

Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognised on a straight-line basis over the term of the rent agreement.

Scrap sales and miscellaneous receipts are recognised on realised amounts.

4.24 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.25 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

All assets and liabilities for which fair value is measured or disclosed in the unconsolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the unconsolidated financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2025	2024		2025	2024
	Number			(Rupees in '000')	
	61,974,886	61,974,886	Ordinary shares of Rs.10 each issued for cash	619,749	619,749
	1,239,497	1,239,497	Ordinary shares of Rs.10 each issued as fully paid bonus shares	12,395	12,395
	63,214,383	63,214,383		632,144	632,144

5.1 The Company has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5.2 7,585,725 ordinary shares representing 12% shareholding in the Company are owned by International Finance Corporation (IFC). IFC has the right to nominate one director at the board of directors of the Company as long as IFC holds ordinary shares representing 5% of total issued share capital of the Company. Further, the Company if intends to amend or repeal the memorandum and articles of association, affects the rights of IFC on its shares issuance of preference shares ranking senior to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the Company etc. shall seek consent of IFC.

5.3 The Company has no reserved shares for issuance under options and sales contracts.

5.4 Capital management

The Company's objectives when managing capital are to ensure the Company's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimise benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital. There were no changes to the Company's approach to capital management during the year.

	2025	2024
Equity (Rupees in '000')	14,306,619	11,916,016
Debt including lease liabilities (Rupees in '000')	1,808,028	1,868,597
Debt to equity ratio (Percentage)	11	14

In order to achieve the above objectives, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

6 SHARE PREMIUM

This comprises of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020, respectively. Out of the above, the Company during the year ended June 30, 2022 has issued bonus shares at the rate of 2% (total 1,239,497 bonus shares

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021. The balance reserve cannot be utilised except for the purposes mentioned in section 81 of the Companies Act, 2017.

		2025	2024
		(Rupees in '000')	
7	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	Balance at beginning of the year	920,827	936,615
	Revaluation surplus during the year	181,216	-
	Transfer of revaluation surplus on property (note 1.1)	28,730	-
	Realisation of revaluation surplus on disposal of assets	(14,517)	(4,284)
	Transferred to unappropriated profit in respect of incremental depreciation / amortisation charged during the year	(11,271)	(11,504)
	Balance at end of the year	1,104,985	920,827

7.1 Surplus on revaluation of property, plant and equipment in respect of leasehold and freehold land is not available for distribution of dividend to the shareholders of the Company in accordance with section 241 of the Companies Act, 2017.

		2025	2024
	Note	(Rupees in '000')	
8	LONG TERM FINANCING - SECURED		
	From banking companies and non-banking financial institutions		
	Syndicated Islamic Finance Facility	8.1	-
	Diminishing Musharakah Facility-1	8.2	105,964
	Diminishing Musharakah Facility-2	8.3	-
	Diminishing Musharakah Facility-3	8.4	433,043
	Diminishing Musharakah Facility-4	8.5	475,986
	Islamic Refinance Facility to Combat COVID -19 (IRFCC)	8.6	28,003
	Deferred income - Government grant		861
			28,864
	Islamic Refinance Facility to Combat COVID-19 (IRFCC)	8.7	13,249
	Deferred income - Government grant		1,516
			14,765
	Refinance Facility to Combat COVID-19 (RFCC)	8.8	45,339
	Deferred income - Government grant		4,648
			49,987
			1,108,609
	Less: current portion		255,190
			853,419
			142,857
			78,250
			83,333
			577,390
			-
			69,647
			5,341
			74,988
			22,245
			4,073
			26,318
			78,486
			13,329
			91,815
			1,074,951
			495,195
			579,756

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- 8.1 This represented the syndicated islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% per annum. The facility with sanctioned limit of Rs. 2,000 million has been fully repaid on August 22, 2024. The financing was secured by pari passu charge of Rs. 2,667 million on all present and future Company's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the Company's land located at H-8/4 Islamabad.
- 8.2 This represents the outstanding balance of long term islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 161.90 million (2024: Rs. 119.10 million). Principal amount is repayable in 60 equal monthly instalments carrying profit rate at 3 months KIBOR plus 0.70% (2024: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (2024: nil). This also represented the long term islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited, carrying profit rate basis at 3 months KIBOR plus 0.80% per annum. The facility with sanctioned limit of Rs. 470.20 million has been fully repaid on September 30, 2024. The financing was secured by first exclusive charge of Rs. 781.30 million against equipment / machinery.
- 8.3 This represented the long term islamic finance facility obtained from Meezan Bank Limited, carrying profit rate at 3 months KIBOR plus 0.85% per annum. The facility with sanctioned limit of Rs. 500 million has been fully repaid on October 01, 2024. The financing was secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the Company.
- 8.4 This represents the outstanding balance of long term islamic finance facility obtained from Bank Alfalah Limited of Rs. 577.40 million (2024: Rs. 577.40 million). Principal amount is repayable in 16 equal quarterly instalments carrying profit rate at 3 months KIBOR plus 0.70% (2024: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by a ranking charge of Rs. 800 million, which has been upgraded to a first exclusive charge on the plant and machinery being financed under the Diminishing Musharakah facility to be installed at the hospital located at H-8/4, Islamabad. The unavailed limit of this facility is nil (2024: nil).
- 8.5 This represents the outstanding balance of long term islamic finance facility obtained from Meezan Bank Limited of Rs. 475.9 million (2024: nil). Principal amount is repayable in 16 equal quarterly instalments carrying profit rate at 3 months KIBOR plus 0.50% per annum. The financing is secured by existing first pari passu charge of Rs. 800 million on all present and future fixed assets of the Company. The unavailed limit of this facility is Rs. 124.10 million (2024: nil).
- 8.6 This represents the outstanding balance of long term islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (2024: Rs. 200 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by January 27, 2026 in 18 equal quarterly instalments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the Company (excluding land and building). The unavailed limit of this facility is nil (2024: nil). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognised at present value using the Company's effective profit rate along with the recognition of government grant.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2025	2024
	(Rupees in '000')	
Balance at beginning of the year	5,341	13,313
Amortisation during the year	(4,480)	(7,972)
Balance at end of the year	861	5,341

- 8.7 This represents the outstanding balance of long term islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.90 million (2024: Rs. 45.90 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly instalments with profit rate of 1% per annum. The facility is secured by exclusive charge of Rs. 55 million over equipment / machinery against DM IRFCC. The unavailed limit of this facility is nil (2024: nil). Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognised at present value using the Company's effective profit rate along with the recognition of government grant.

	2025	2024
	(Rupees in '000')	
Balance at beginning of the year	4,073	7,447
Amortisation during the year	(2,557)	(3,374)
Balance at end of the year	1,516	4,073

- 8.8 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.20 million (2024: Rs. 185.20 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly instalments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the Company. The unavailed limit of this facility is nil (2024: nil). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognised at present value using the Company's effective profit rate along with the recognition of government grant.

	2025	2024
	(Rupees in '000')	
Balance at beginning of the year	13,329	27,830
Amortisation during the year	(8,681)	(14,501)
Balance at end of the year	4,648	13,329

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

			2025	2024
	Note		(Rupees in '000')	
9	DEFERRED LIABILITIES			
	Deferred taxation	9.1	244,422	354,960
	Defined contribution plan		44,846	34,434
			289,268	389,394
9.1	Deferred taxation:			
	Deferred tax liability	9.1.1	530,575	604,045
	Deferred tax asset	9.1.2	(286,153)	(249,085)
	Net deferred tax liability		244,422	354,960
9.1.1	Deferred tax liability on taxable temporary differences:			
	Accelerated depreciation / amortisation allowance		530,575	604,045
9.1.2	Deferred tax asset on deductible temporary differences:			
	Right of use assets net of lease liabilities		(57,984)	(66,580)
	Specific provisions		(188,105)	(130,739)
	Retirement benefit obligation		(40,064)	(51,766)
			(286,153)	(249,085)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

9.1.3 Breakup and movement of deferred tax balances is as follows:

Deferred tax liabilities / (assets)	Opening balance	Statement of profit or loss	Other comprehensive income	Closing balance
(Rupees in '000')				
2025				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	604,045	(73,470)	-	530,575
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(66,580)	8,596	-	(57,984)
Specific provisions	(130,739)	(57,366)	-	(188,105)
Retirement benefit obligation	(51,766)	44,193	(32,491)	(40,064)
	354,960	(78,047)	(32,491)	244,422
2024				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	642,947	(38,902)	-	604,045
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(59,669)	(6,911)	-	(66,580)
Specific provisions	(118,572)	(12,167)	-	(130,739)
Retirement benefit obligation	(66,133)	62,972	(48,605)	(51,766)
	398,573	4,992	(48,605)	354,960

9.1.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 39% (2024: 39%).

		2025	2024
		(Rupees in '000')	
	Note		
10 LEASE LIABILITIES			
Balance at beginning of the year		793,646	727,642
Addition during the year		207,615	291,807
Interest expense during the year	30	111,146	92,428
Termination during the year	10.1	(83,217)	(399)
Payment during the year		(329,771)	(317,832)
Balance at end of the year	10.2	699,419	793,646
Less: current portion		192,895	266,739
		506,524	526,907

10.1 Pursuant to the merger / amalgamation disclosed in note 1.1, the ROU asset amounting to Rs. 49.80 million and the corresponding lease liability of Rs. 77.90 million, related to a building leased from SNS Islamabad, have been derecognised. Consequently, a net gain of Rs. 28.10 million has been recorded in other income (note 28).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

10.2 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
(Rupees in '000')			
2025			
Less than one year	242,874	49,979	192,895
Between one and five years	528,383	142,038	386,345
More than five years	218,502	98,323	120,179
	989,759	290,340	699,419
2024			
Less than one year	303,062	36,323	266,739
Between one and five years	585,023	189,059	395,964
More than five years	250,177	119,234	130,943
	1,138,262	344,616	793,646

		2025	2024
	Note	(Rupees in '000')	
10.3	Amounts recognised in the unconsolidated statement of profit or loss		
Interest expense on lease liabilities	30	111,146	92,428
Expense relating to short term / low value lease	29	26,218	15,754
		137,364	108,182
11	TRADE AND OTHER PAYABLES		
Creditors	11.1	2,456,297	2,097,474
Accrued liabilities		749,818	616,962
Advances from customers - contract liability	11.2	422,014	384,383
Medical consultants' charges		726,226	476,006
Security deposits	11.3	144,573	132,451
Compensated absences	11.4	223,374	175,903
Defined contribution plan		31,027	16,185
Retention money		9,600	11,959
Shifa International Hospitals Limited (SIHL) Employees' Gratuity Fund Trust (the Fund)	11.5	102,728	132,734
		4,865,657	4,044,057

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
		(Rupees in '000')	
11.1	This includes payable to related parties (unsecured) as detailed below:		
	Tameer-e-Millat Foundation (TMF)	4,186	7,285
	Shifa Tameer-e-Millat University (STMU)	42,798	31,566
		46,984	38,851
11.2	Advances from customers - contract liability		
	Balance at beginning of the year	384,383	276,239
	Revenue recognised during the year	(71,099)	(88,650)
	Advance refund during the year	(64,797)	-
	Advance received during the year	173,527	196,794
	Balance at end of the year	422,014	384,383
11.3	This includes security deposits retained from employees of Rs. 54.44 million (2024: Rs. 47.53 million) held in separate bank account and balances obtained from customers of Rs. 90.14 million (2024: Rs. 84.92 million) that are utilisable for the purpose of the business in accordance with agreement with customers.		
		2025	2024
	Note	(Rupees in '000')	
11.4	Compensated absences		
	Balance at beginning of the year	175,903	145,524
	Provision made for the year	136,518	103,063
		312,421	248,587
	Payments made during the year	(89,047)	(72,684)
	Balance at end of the year	223,374	175,903
11.4.1	Actuarial valuation of un-availed leaves has not been carried out since management believes that the effect of actuarial valuation would not be material.		
		2025	2024
	Note	(Rupees in '000')	
11.5	The amount recognised in the unconsolidated statement of financial position:		
	Present value of defined benefit obligation	769,150	556,506
	Fair value of plan assets	(666,422)	(423,772)
		102,728	132,734

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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	2025	2024
	(Rupees in '000')	
11.5.1 Movement in the present value of defined benefit obligation:		
Balance at beginning of the year	556,506	387,539
Interest cost	77,364	56,442
Current service cost	98,635	72,974
Benefits paid	(60,107)	(78,839)
Benefits payable	(3,895)	(2,635)
Remeasurement loss on defined benefit obligation	100,647	121,025
Balance at end of the year	769,150	556,506
11.5.2 Movement in the fair value of plan assets:		
Balance at beginning of the year	423,772	217,966
Interest income on plan assets	73,956	48,772
Contributions	215,360	242,112
Benefits paid	(60,107)	(78,839)
Benefits payable	(3,895)	(2,635)
Return on plan assets, excluding interest income	17,336	(3,604)
Balance at end of the year	666,422	423,772
11.5.3 Charge for the year:		
Current service cost	98,635	72,974
Interest cost on defined benefit obligation	77,364	56,442
Interest income on plan assets	(73,956)	(48,772)
	102,043	80,644
11.5.4 Remeasurements recognised in the unconsolidated statement of comprehensive income (OCI):		
Remeasurement loss on defined benefit obligation	100,647	121,025
Return on plan assets, excluding interest income	(17,336)	3,604
Remeasurement loss recognised in OCI	83,311	124,629
Deferred tax relating to remeasurement of staff gratuity fund benefit plan	(32,491)	(48,605)
	50,820	76,024

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FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
11.5.5	Movement in liability recognised in unconsolidated statement of financial position:		
Balance at beginning of the year		132,734	169,573
Charge for the year		102,043	80,644
Remeasurement recognised in OCI during the year		83,311	124,629
Contributions during the year		(215,360)	(242,112)
Balance at end of the year		102,728	132,734
11.5.6	Plan assets comprise of:		
Term deposit receipts		559,671	306,190
Ordinary shares of SIHL	11.5.6.1	37,279	11,503
Cash and bank balances		89,616	122,328
Payable to outgoing members		(20,144)	(16,249)
		666,422	423,772

11.5.6.1 Number of ordinary shares held by the Fund at year end were 78,461 shares (2024: 78,461 shares) with market value of Rs. 475.13 (2024: Rs. 146.61) per share.

11.5.7 Latest actuarial valuation was carried out by an independent actuary on June 30, 2025 using the Projected Unit Credit Method.

		2025	2024
11.5.8	Principal actuarial assumptions used in the actuarial valuation:		
Discount rate used for interest cost in profit or loss		14.75%	16.25%
Discount rate used for year end obligation		11.75%	14.75%
Expected rate of salary growth			
- Salary increase FY 2025		N/A	13.75%
- Salary increase FY 2026 onward		11.75%	13.75%
Mortality rate		SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates		Age based	Age based
Retirement assumption		Age 60	Age 60

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

11.5.9 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	2025		2024	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
(Rupees in '000')				
Discount rate	714,039	833,098	519,684	598,872
Future salary increase	832,486	713,577	598,872	519,075

11.5.10 The average duration of the defined benefit obligation as at June 30, 2025 is 8 years (2024: 7 years).

11.5.11 The expected expenses for the next year amount to Rs. 141.06 million.

11.5.12 Risks associated with the scheme

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

a) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Investment risk

The risk of the investment under performing and being not sufficient to meet the liabilities.

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FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
12	MARKUP ACCRUED		
	Long term financing	7,974	23,858
13	TAXATION - NET		
	Tax refundable at beginning of the year	(225,780)	(287,675)
	Income tax paid / deducted at source during the year	(1,553,502)	(827,215)
		(1,779,282)	(1,114,890)
	Income tax expense / levies 31	1,883,783	889,110
	Tax payable / (refund) at end of the year	104,501	(225,780)

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The guarantees issued by bank in favour of Sui Northern Gas Pipelines Limited (SNGPL) and Imtiaz Group (SMC-Private) Limited of aggregate sum of Rs. 36.60 million (2024: Rs. 33.10 million) on behalf of the Company in its ordinary course of business.

14.1.2 The Company is facing claims and penalties amounting to Rs. 5.9 million (2024: Rs. 22.25 million). Against these claims the Company has made payments under protest amounting to Rs. 2.4 million (2024: Rs. 1.4 million). In compliance with the directions of the Islamabad High Court (IHC), the Company has furnished a bank guarantee for Rs. 0.5 million (2024: Rs. 1.5 million) and, submitted a pay order of Rs. 2 million to the IHC. These claims and penalties originated from ongoing legal proceedings and complaints currently under litigation before the Islamabad, Peshawar and Lahore High Courts and the Supreme Court of Pakistan.

Furthermore, on June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million against each Gulf Cooperation Council's (GCC) Approved Medical Center (GAMC), including the Company, on the allegations of engaging in non-competitive practices involving territorial division and equal allocation of customers among GAMCs. The Company, in conjunction with other GAMCs, is actively contesting this matter which is presently pending adjudication before the Competition Appellate Tribunal (CAT) and the Supreme Court of Pakistan.

Subsequently, the CAT has adjudicated the matter and through order dated August 11, 2025, reduced the penalty from Rs. 20 million to Rs. 2 million. The Company, in conjunction with other GAMCs, will contest the order of the CAT by preferring an appeal before the Supreme Court of Pakistan.

Following the CAT's order, the CCP, without serving any notice on the Company and in deviation from the procedure prescribed under the Competition Act, 2010, initiated coercive recovery proceedings. On August 12, 2025, the CCP proceeded to attach the Company's accounts and recovered an aggregate amount of Rs. 4.01 million, i.e. twice the penalty determined by the CAT. Consequently, the Company is in the process of filing a writ petition before the IHC seeking, inter alia, a declaration that the recovery is illegal and the refund of the unlawfully recovered amount of Rs. 4.01 million.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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The Company's management, based on advice from respective legal counsels, remains confident of favorable resolutions in the aforementioned matters.

- 14.1.3 During the year, the Company has received a demand notice from the Capital Development Authority (CDA) regarding the payment of regularisation charges. As per the notice dated March 21, 2025, CDA has demanded payment of Rs. 790.76 million as regularisation charges, out of which Rs. 384.92 million has already been paid by the Company. The balance amount of Rs. 405.84 million is being contested vehemently as the same is beyond the scope of legal charges / rates invoked at the time of demand. The Company intends to pursue rigorously and avail all appropriate legal remedy before competent forum. The Company has also expressed its protest in clear terms to the CDA against said excessive demand. No provision has been made in these financial statements as the Company's management as per advice of the legal counsel, is confident that a favorable outcome will be achieved.

14.1.4 Contingencies related to income tax and sales tax are as follows:

- 14.1.4.1 The tax authorities amended the assessments for the tax years 2012 to 2016, 2019, 2021 and 2023 under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance). They raised total tax demands of Rs. 648.70 million against these years. The Company, being aggrieved, appealed these amended assessments before the Commissioner Inland Revenue (Appeals) [CIR(A)] or the Appellate Tribunal Inland Revenue (ATIR), as applicable, on various dates from September 2018 to February 2025. These appeals are currently pending adjudication.
- 14.1.4.2 The tax authorities imposed taxes of Rs. 109.60 million, Rs. 178.40 million, Rs. 27.40 million, and Rs. 29.20 million under section 161/205 of the Ordinance for the tax years 2016, 2014, 2013, and 2012 respectively, based on alleged non-deduction of tax on payments. The Company, being aggrieved, appealed these assessments before the CIR(A). Regarding the tax year 2012, the CIR(A) deleted the assessment, while for the tax years 2013 and 2016, the assessment was set aside, and for the tax year 2014, the assessment was confirmed. The Company, still aggrieved, filed appeals for the tax years 2013, 2014, and 2016 before the ATIR. The appeals for the tax years 2013 and 2016 were filed on November 26, 2019 and June 06, 2023 respectively, and they are currently pending adjudication. Additionally, the ATIR has set aside the assessment for the tax year 2014 for denovo consideration.
- 14.1.4.3 The tax authorities amended the assessments for the tax years 2012 to 2018 under section 122(1)/(5) of the Ordinance. They raised an aggregate tax demand of Rs. 2,537.10 million. Being aggrieved, the Company appealed these assessments before the CIR(A) except tax year 2018. The CIR(A) annulled all the assessment orders from October 15, 2018 to October 23, 2018 resulting in the deletion of the tax demands. Dissatisfied with the CIR(A)'s decision, the tax department filed an appeal before the ATIR from November 15, 2018 to November 27, 2019. These appeals are currently pending adjudication. For the tax year 2018, the Company appealed the assessment before the ATIR on July 24, 2024.

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14.1.4.4 The tax authorities imposed sales tax under section 11 of the Sales Tax Act, 1990, on the alleged non-payment of sales tax on sales of scrap, fixed assets, and cafeteria services for the tax years 2016 to 2020, raising total tax demands of Rs. 225.20 million for these years. Upon appeal, the ATIR through orders from February 16, 2021 to July 30, 2024 deleted the sales tax charged on cafeteria services and fixed assets but confirmed the sales tax on scrap. Furthermore, for the tax years 2016 and 2020, the department has filed sales tax references before the High Court, which are currently pending adjudication.

14.1.4.5 In the case of amalgamated entity, SNS Islamabad, the tax authorities amended the assessment for tax year 2021 under section 122(5A) of the Ordinance, through an order dated August 31, 2022, creating a demand of Rs. 8.50 million by disallowing a refund adjustment from tax year 2020. The CIR(A) annulled the order on February 10, 2023. However, a fresh notice for reassessment was issued on May 27, 2025, and a revised order was passed on the same grounds, alleging the refund of Rs. 8.50 million as unverified. Being aggrieved, the Company filed an appeal before CIR(A) on July 24, 2025 which is pending adjudication.

Management is confident that the above disallowances and levies do not hold merit and the related amounts have been lawfully claimed in the income and sales tax returns as per the applicable tax laws and these matters will ultimately be decided in favour of the Company. Accordingly, no provision has been made in respect of above in these unconsolidated financial statements.

		2025	2024
		(Rupees in '000')	
14.2	Commitments		
14.2.1	Capital expenditure contracted	160,117	294,233
14.2.2	Letter of credit	-	521,187

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15 PROPERTY, PLANT AND EQUIPMENT

Particulars		Owned assets										Right of use assets					
		Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work in progress (note 15.7)	Office premises	Electrical equipment	Total
(Rupees in '000')																	
Cost / revalued amount																	
Balance as at July 01, 2023																	
40,656	1,009,761	58,898	2,678,563	397,281	5,190,647	568,275	871,895	255,561	3,163	691,131	167,190	636,751	1,362,677	57,000	13,989,449		
Additions	-	-	-	-	252,903	3,623	68,274	16,845	607	161,665	66,369	45,757	293,287	-	909,330		
Disposals	-	-	-	-	-	-	-	-	-	(1,303)	(7,421)	-	(8,724)	-	(324)		
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	(324)	-	(76,154)		
Write offs	-	-	-	-	(58,243)	(2,048)	(10,025)	(456)	(122)	(5,260)	-	-	-	-	-		
Transfers	-	-	-	41,844	120,026	125,162	-	-	-	58,887	-	(345,919)	-	-	-		
40,656	1,009,761	58,898	2,720,407	517,307	5,510,469	569,850	930,144	271,950	3,648	905,120	226,138	336,589	1,655,640	57,000	14,813,577		
Balance as at June 30, 2024																	
Balance as at July 01, 2024																	
40,656	1,009,761	58,898	2,720,407	517,307	5,510,469	569,850	930,144	271,950	3,648	905,120	226,138	336,589	1,655,640	57,000	14,813,577		
Additions	-	-	-	-	308,008	11,847	29,067	8,698	-	59,224	87,058	580,049	210,241	-	1,294,192		
On merger (refer note 11)	-	1,024,115	-	503,681	-	-	-	-	-	-	-	-	-	-	1,527,796		
Revaluation	19,344	161,872	-	-	-	-	-	-	-	-	-	-	-	-	181,216		
Disposals	-	-	-	-	-	-	-	-	-	(1,942)	(13,980)	-	-	-	(15,922)		
Termination of lease (refer note 10.1)	-	-	-	-	(239,714)	(19,937)	(96,522)	(39,086)	(862)	(80,720)	-	(60,443)	(516,767)	-	(516,767)		
Write offs	-	-	-	-	359,037	-	-	-	-	6,529	-	(391,838)	-	-	(537,284)		
Transfers	-	-	-	206,393	(180,121)	-	-	-	-	-	-	-	-	-	-		
60,000	2,195,748	58,898	3,430,481	337,186	5,937,800	561,760	862,689	241,562	2,786	888,211	299,216	464,357	1,349,114	57,000	16,746,808		
Balance as at June 30, 2025																	
Depreciation / amortisation																	
Balance as at July 01, 2023																	
-	128,116	9,816	937,036	96,983	3,053,967	403,146	636,448	176,148	2,439	567,383	115,194	-	788,033	57,000	6,971,709		
Charge for the year	14,254	2,945	75,818	86,488	405,567	54,266	69,163	16,795	337	84,761	24,605	-	244,703	-	1,079,702		
On disposals	-	-	-	-	-	-	-	-	-	(1,176)	(5,551)	-	-	-	(6,727)		
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	(25)	-	(25)		
On write offs	-	-	-	-	(52,427)	(2,048)	(8,800)	(395)	(122)	(5,194)	-	-	-	-	(68,986)		
-	142,370	12,761	1,012,854	183,471	3,407,107	455,364	696,811	192,548	2,654	645,774	134,248	-	1,032,711	57,000	7,975,673		
Balance as at June 30, 2024																	
Balance as at July 01, 2024																	
-	142,370	12,761	1,012,854	183,471	3,407,107	455,364	696,811	192,548	2,654	645,774	134,248	-	1,032,711	57,000	7,975,673		
Charge for the year	18,463	2,945	97,264	79,223	412,206	42,064	59,646	15,624	279	100,884	33,314	-	228,583	-	1,090,495		
On disposals	-	-	-	-	-	-	-	-	-	(1,828)	(11,277)	-	-	-	(13,105)		
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	(462,921)	-	(462,921)		
On write offs	-	-	-	-	(226,341)	(19,914)	(96,092)	(37,772)	(802)	(80,654)	-	-	-	-	(461,575)		
-	160,833	15,706	1,110,118	262,694	3,592,972	477,514	660,365	170,400	2,131	664,176	156,285	-	798,373	57,000	8,128,567		
Balance as at June 30, 2025																	
Carrying value as at June 30, 2024																	
40,656	867,391	46,137	1,707,553	333,836	2,103,362	114,486	233,333	79,402	994	259,346	91,890	336,589	622,929	-	6,837,904		
Carrying value as at June 30, 2025																	
60,000	2,034,915	43,192	2,320,363	74,492	2,344,828	84,246	202,324	71,162	655	224,035	142,931	464,357	550,741	-	8,618,241		
Annual rate of depreciation (%)																	
-	1.58	5	2.5-4.0	20	10	10-15	10-20	10	10-20	25	20	-	5.85-33	-	33.3		

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15.1 The Company's leasehold and freehold lands were revalued as at June 30, 2025, by an independent valuer on a fair market value basis.

15.2 Had there been no revaluation, the carrying value would have been as under:

	Cost	Accumulated amortisation	Carrying value
	(Rupees in '000')		
Freehold land			
June 30, 2025	14,483	-	14,483
June 30, 2024	14,483	-	14,483
Leasehold land			
June 30, 2025	1,221,761	20,883	1,200,878
June 30, 2024	197,646	13,805	183,841

15.3 Particulars of Company's freehold and leasehold land are as follows:

		2025	2024
Location	Nature	Area	
Shifa Cooperative Housing Society, Islamabad Expressway - Sq. yds	Freehold land	1003	1003
SIHL H-8/4, Islamabad * - Kanal	Leasehold land	87.8	87.8
Neuro Sciences Institute H-8/4, Islamabad * - Sq. yds	Leasehold land	7100	-

*The covered area includes multi-storey buildings.

15.4 Property, plant and equipment include items with aggregate cost of Rs. 3,484.01 million (2024: Rs. 3,165.68 million) representing fully depreciated assets that are still in use of the Company.

15.5 Property, plant and equipment of the Company are encumbered under an aggregate charge of Rs. 7,665.59 million (2024: Rs. 8,116.83 million) in favor of lenders under various financing arrangements as disclosed in note 8.

15.6 The Forced Sale Value (FSV) of the revalued leasehold and freehold land has been assessed at Rs. 1,627.93 million (2024: Rs. 716.78 million) and Rs. 51 million (2024: Rs. 32.53 million) respectively.

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		2025	2024
	Note	(Rupees in '000')	
15.7	Capital work in progress		
	Civil work	212,638	243,714
	Installation of equipment	251,719	92,875
		464,357	336,589
16	INTANGIBLE ASSETS		
	Softwares in use	16.1	37,265
	Software under development / deployment	16.2	5,787
		43,052	40,780
16.1	Softwares in use		
	Cost		
	Balance at beginning of the year	109,400	109,400
	Addition during the year	39,375	-
	Balance at end of the year	148,775	109,400
	Accumulated amortisation		
	Balance at beginning of the year	107,995	106,941
	Charged during the year	3,515	1,054
	Balance at end of the year	111,510	107,995
	Carrying value	37,265	1,405
16.2	Software under development / deployment		
	Balance at beginning of the year	39,375	39,375
	Addition during the year	16.2.1	5,787
	Capitalised during the year	(39,375)	-
	Balance at end of the year	5,787	39,375
	Annual amortisation rate (percentage)	25	25

16.2.1 This represents advance paid for implementation of Oracle Fusion software.

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		2025	2024
	Note	(Rupees in '000')	
17	INVESTMENT PROPERTY - AT COST		
	Balance at beginning of the year	720,292	748,450
	Disposed off during the year	(95,420)	(28,158)
	Balance at end of the year	624,872	720,292

17.1 This represents freehold land comprising of 11 plots at Shifa Cooperative Housing Society, Islamabad Expressway (SCHS), 48K-3M-182 Sqft at Chak No. 4, near Sargodha Road, Faisalabad of which 20K-14M-181 Sqft are subject to possession proceedings and 105.02 kanal at Motorway, Mouza Noon, Islamabad. An independent valuation was conducted to determine the fair value of the investment property. The prices were assessed through a market survey of comparable properties in the vicinity. The fair value was based on the independent valuer's professional judgment, using openly available information and inquiries made in the market. Valuation was carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value and forced sale value of the land located at SCHS, Sargodha Road Faisalabad and Motorway, Mouza Noon, Islamabad are Rs. 430 million, Rs. 146.24 million, Rs. 315.06 million (2024: Rs. 360.12 million, Rs. 136.89 million, Rs. 425.02 million) and Rs. 365.50 million, Rs. 116.99 million, Rs. 252.05 million (2024: Rs. 288.09 million, Rs. 109.51 million, Rs. 340.02 million) respectively.

During the previous year, the Company was informed by its former property dealer about the sale of 49 kanal of land located at Mouza Noon, Islamabad; however, the Company was provided with the sale proceeds of only 10.83 kanal. Further, in coordination with land revenue authorities based on the Company's verification of land title against official record through an independent source, the authorities, in their latest assessment to date, have confirmed the Company's ownership of 105.02 kanal, of which 6.5 kanal remain under review. Accordingly, the sales proceeds of 36.7 kanal land were recorded in other receivables. The matter is being pursued, and the final outcome of the assessment will form the basis for determining the appropriate course of action.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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		2025	2024
	Note	(Rupees in '000')	
18	LONG TERM INVESTMENTS - AT COST		
	In subsidiary companies (unquoted):		
Shifa Development Services (Private) Limited (SDSPL)	18.2	9,966	9,966
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	18.3	-	1,697,521
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	18.4	2,137,373	1,582,279
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	18.5	1,660,180	1,356,170
	In associated companies (unquoted):		
Shifa CARE (Private) Limited (SCPL)	18.6	45,001	45,001
SIHT (Private) Limited (SIHT)	18.7	725,000	425,000
		4,577,520	5,115,937
	Less: Impairment loss		
Shifa Development Services (Private) Limited (SDSPL)		9,966	9,966
Shifa CARE (Private) Limited (SCPL)		45,001	45,001
		54,967	54,967
		4,522,553	5,060,970

18.1 Per share breakup values of these investments are given below:

	2025	2024
	(Rupees)	
Shifa Development Services (Private) Limited (SDSPL)	(8.70)	(8.02)
Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad)	-	10.54
Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad)	11.16	11.06
Shifa Medical Centre Islamabad (Private) Limited (SMC Islamabad)	13.29	12.90
Shifa Care (Private) Limited (SCPL)	(0.60)	0.16
SIHT (Private) Limited	68.63	54.34

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- 18.2 This represents investment in 1,650,000 (2024: 1,650,000) fully paid ordinary shares of Rs. 10 each of SDSPL. The above investment in ordinary shares represents 55% (2024: 55%) shareholding in SDSPL held by the Company. During the last year the investment has been fully impaired in view of financial difficulties faced by SDSPL due to which it might not be able to continue its business.
- 18.3 Prior to the merger as disclosed in note 1.1, the Company held 169,752,100 fully paid ordinary shares of Rs. 10 each, representing 100% of SNS Islamabad's share capital. Post-merger, the investment of Rs. 1,697.52 million has been fully adjusted against SNS Islamabad's net assets.
- 18.4 This represents investment in 213,737,338 (2024: 158,227,912) fully paid ordinary shares of Rs. 10 each of SNH Faisalabad. The above investment in ordinary shares represents 60% (2024: 61%) shareholding in SNH Faisalabad held by the Company.

			2025	2024
		Note	(Rupees in '000')	
18.5	Investment in equity shares	18.5.1	1,356,170	1,356,170
	Advance paid for acquisition of shares	18.5.2	304,010	-
			1,660,180	1,356,170

- 18.5.1 This represents investment in 135,617,001 (2024: 135,617,001) fully paid ordinary shares of Rs. 10 each of SMC Islamabad. The above investment in ordinary shares represents 56% (2024: 56%) shareholding in SMC Islamabad held by the Company.

- 18.5.2 This represents the first instalment paid to Interloop Holdings (Private) Limited (ILHPL) under a tripartite Share Purchase Agreement (SPA) dated July 10, 2025 for the acquisition of 96,572,500 shares (40% equity interest) in SMC Islamabad, with total consideration of Rs. 1,520.05 million payable in five quarterly instalments. Subsequent to year-end, the referred shares were transferred to the Company in accordance with the SPA, secured through four post-dated cheques issued by the Company and a pending share pledge agreement over SNH Faisalabad shares worth Rs. 1,216.04 million, owned by the Company.

In addition to above Rs. 106.68 million was paid post year-end to minority shareholders for a 2.81% stake, increasing the Company's ownership in SMC Islamabad to approximately 99%.

The above acquisition was approved by shareholders in the Extraordinary General Meeting held on June 5, 2025.

- 18.6 This represents investment in 4,500,050 (2024: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2024: 50%) shareholding in SCPL held by the Company. During the last year, the investment has been fully impaired in view of the financial difficulties faced by SCPL due to which it might not be able to continue its business.

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Summary of results of SCPL are as under:

	2025	2024
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	-	-
Current assets	2,609	2,921
Current liabilities	(7,997)	(1,437)
Net assets	(5,388)	1,484
Reconciliation to carrying amount		
Opening net assets	1,484	90,157
Total comprehensive loss for the year	(6,872)	(88,673)
Closing net assets	(5,388)	1,484
Company's share in carrying value of net assets	(2,694)	742
Company's share in total comprehensive loss	(3,436)	(44,336)
Summarised statement of profit or loss and comprehensive income		
Revenue for the year – gross	-	-
Depreciation and amortisation	(174)	(4,008)
Finance cost	-	(256)
Provision for taxation	-	-
Loss for the year	(6,872)	(88,673)
Total comprehensive loss for the year	(6,872)	(88,673)

18.6.1 The above information is based on management financial statements of SCPL.

18.7 In line with the decision of board of directors of the Company in its meeting held on April 12, 2023, on September 23, 2023, the Company entered into a tripartite Shares Purchase Agreement (SPA) with Shifa Foundation and its wholly owned subsidiary SIHT (Private) Limited (SIHT) for acquiring 50% shareholding in SIHT from Shifa Foundation.

The SPA provides that the paid up share capital of SIHT shall be increased from Rs. 100.10 million to Rs. 500.10 million representing 5,001,000 ordinary shares of Rs. 100 each over the arrangement period. The SPA further provides that the referred acquisition of equity interest in SIHT to be made in 9 quarterly instalments shall be completed by September 30, 2025. Accordingly, by the end of the current year a sum of Rs. 300 million (2024: Rs. 425 million) has been paid to Shifa Foundation to acquire further 937,680 shares (2024: 1,328,397 shares).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

At year end the Company has investment in 2,266,077 (2024: 1,328,397) fully paid ordinary shares of Rs. 100 each of SIHT representing 45.30% (2024: 29.50%) shareholding.

Summary of results of SIHT are as under:

	2025	2024
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	181,806	179,734
Current assets	415,707	285,698
Non-current liabilities	(88,558)	(100,482)
Current liabilities	(165,714)	(120,376)
Net assets	343,241	244,574
Reconciliation to carrying amount		
Opening net assets	244,574	(84,443)
Total comprehensive income / (loss) for the year	48,668	(20,983)
Equity	50,000	350,000
Closing net assets	343,242	244,574
Company's share in carrying value of net assets	72,941	42,073
Company's share in total comprehensive income / (loss)	16,112	(955)
Summarised statement of profit or loss and comprehensive income		
Revenue for the year – gross	717,519	597,996
Depreciation and amortisation	(39,814)	(45,827)
Finance cost	(13,182)	(17,398)
Provision for taxation	(15,646)	(10,065)
Profit / (loss) for the year	48,668	(20,983)
Total comprehensive income / (loss) for the year	48,668	(20,983)

18.7.1 The above information is based on initialled financial statements of SIHT.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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19 LONG TERM DEPOSITS

This represents security deposits given to various institutions / persons and are refundable on termination of relevant services / arrangements. These are unsecured and considered good.

		2025	2024
	Note	(Rupees in '000')	
20	STORES, SPARE PARTS AND LOOSE TOOLS		
Stores		229,584	252,158
Spare parts		13,710	7,806
Loose tools		1,303	1,380
		244,597	261,344
Less: provision for slow moving items	20.1	20,436	17,765
		224,161	243,579
20.1	Movement of provision for slow moving items		
Balance at beginning of the year		17,765	19,657
Charged / (reversal) during the year		2,671	(1,892)
Balance at end of the year		20,436	17,765

21 STOCK IN TRADE

This represents medicines being carried at moving average cost.

		2025	2024
	Note	(Rupees in '000')	
22	TRADE DEBTS		
Unsecured - considered good			
Related party - Shifa Foundation	22.1	14,422	7,137
Others		1,740,911	1,580,199
		1,755,333	1,587,336
Less: allowance for expected credit losses (ECL)	41.1.3	293,877	241,147
		1,461,456	1,346,189

22.1 Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 24.58 million (2024: Rs. 15.80 million).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

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		2025	2024
	Note	(Rupees in '000')	
23	LOANS AND ADVANCES		
Secured - considered good			
Executives		12,281	10,641
Other employees		16,420	23,239
	23.1	28,701	33,880
Unsecured - consultants		7,123	13,870
Unsecured - suppliers / contractors		102,201	109,707
		109,324	123,577
		138,025	157,457

23.1 These advances are secured against employee terminal benefits.

		2025	2024
	Note	(Rupees in '000')	
24	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Unsecured - considered good			
Short term prepayments		52,998	48,561
Security deposit (refer note 1.1)		-	20,278
Other receivables	24.1	311,254	192,876
		364,252	261,715
Less: allowance for expected credit losses against other receivables	24.2	168,008	76,317
		196,244	185,398

24.1 This includes Rs. 59.90 million (2024: Rs. 30.33 million) due from SIHT (Private) Limited. Maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 148.88 million (2024: Rs. 133.80 million).

		2025	2024
	Note	(Rupees in '000')	
24.2	Allowance for expected credit losses against other receivables (unrelated parties)		
Balance at beginning of the year		76,317	57,812
Charged during the year	24.2.1	91,691	18,505
Balance at end of the year		168,008	76,317

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

24.2.1 This represents an amount whose recovery is considered doubtful.

		2025	2024
	Note	(Rupees in '000')	
25	OTHER FINANCIAL ASSETS		
Investment in Term Deposit Receipt - at amortised cost	25.1	3,000	3,000
Investment in Mutual Fund - at fair value through profit or loss	25.2	1,003,355	199,566
		1,006,355	202,566

25.1 This represents term deposit receipt (TDR) having face value of Rs. 3 million (2024: Rs. 3 million) with three months maturity. Profit payable on monthly basis at the weighted average rate of 11.17% (2024: 18.98%).

25.2 This represents investment in 2,175,860 (2024: 1,973,327) and 76,983,043 (2024: nil) units of UBL Al-Ameen Islamic Cash Fund and NBP Islamic Money Market Fund, respectively. Fair value of the investment was determined using quoted repurchase price at year end.

		2025	2024
	Note	(Rupees in '000')	
26	CASH AND BANK BALANCES		
Cash at bank in:			
Current accounts:			
Local currency		570,771	396,855
Foreign currency		365,160	913,410
		935,931	1,310,265
Saving accounts:			
Local currency		2,561,048	792,779
Foreign currency		284	278
	26.1	2,561,332	793,057
	26.2	3,497,263	2,103,322
Cash in hand		14,551	26,055
		3,511,814	2,129,377

26.1 Balances with saving accounts earned profit / mark-up at weighted average rate of 13.43% per annum (2024: 16.52% per annum).

26.2 Balances with banks includes Rs. 144.58 million (2024: Rs. 132.45 million) in respect of security deposits (note 11.3).

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
27	REVENUE - NET		
Inpatients		17,581,470	14,796,234
Outpatients		9,780,501	8,194,000
Other services	27.1	810,716	773,422
		28,172,687	23,763,656
Less: discount		112,414	116,591
Less: sales tax		92,612	83,225
		205,026	199,816
		27,967,661	23,563,840

27.1 This represents revenue from external pharmacy outlets, cafeteria sales and operating leases to related parties / other parties.

27.2 The revenue-net is excluding of physician share of Rs. 2,910.43 million (2024: Rs. 1,930.07 million).

		2025	2024
	Note	(Rupees in '000')	
28	OTHER INCOME		
	Income from financial assets:		
Profit on bank balances		185,262	66,914
Dividend income from mutual fund - investments at fair value through profit or loss		27,690	35,844
Un-realised gain on investments at fair value through profit or loss		25,803	14,180
Dividend income from subsidiary	28.1	50,926	16,975
		289,681	133,913
	Income from other than financial assets:		
Gain on disposal of property, plant and equipment		2,500	2,664
Exchange gain on foreign currency translation		7,199	-
Sale of scrap - net of sales tax		13,147	23,222
Miscellaneous	28.2	90,295	30,324
		113,141	56,210
		402,822	190,123

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 28.1 This represents the dividend at the rate of Re. 0.30 (2024: Re. 0.10) per share received from former subsidiary, SNS Islamabad.
- 28.2 This includes an amount of Rs. 28.27 million (2024: nil) [net of sales tax] received from DAI Pakistan (Private) Limited under the Fleming Fund Country Grant – Pakistan, to support the implementation of the Clinical Engagement Program for Antimicrobial Resistance (AMR) related interventions. Further, all relevant expenses of this project have been recorded under the respective operating expense heads.

		2025	2024
		(Rupees in '000')	
	Note		
29	OPERATING COSTS		
Salaries, wages and benefits	29.1	8,869,196	7,800,352
Medicines consumed	29.2	6,700,403	6,083,422
Supplies consumed		3,023,211	2,429,431
Utilities		1,352,916	1,327,372
Depreciation / amortisation	15	1,090,495	1,079,702
Repairs and maintenance		1,251,342	1,123,554
Rates and taxes	29.3	395,357	23,832
Cleaning and washing		271,309	271,911
Printing and stationery		198,154	223,406
Fee, subscription and membership		142,784	141,466
Travelling and conveyance		60,432	47,785
Communication		59,956	70,189
Advertising and sales promotion		41,358	50,956
Legal and professional		39,511	32,400
Rent		26,218	15,754
Insurance		23,327	20,704
Property, plant and equipment written off	29.4	75,709	7,168
Loss on disposal of investment property		7,340	2,708
Auditors' remuneration	29.5	4,498	4,218
Amortisation on intangible assets	16	3,515	1,054
Charged / (reversal) of provision for slow moving stores		2,671	(1,892)
Impairment loss on long term investments- at cost		-	54,967
Exchange loss on foreign currency translation		-	26,469
Loss on derecognition of investment		-	21,015
Miscellaneous		97,812	87,011
		23,737,514	20,944,954

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 29.1 This includes charge for employee gratuity of Rs. 102.04 million (2024: Rs. 80.64 million), defined contribution plan (pension) of Rs. 129.23 million (2024: Rs. 109.03 million), compensated absences of Rs. 136.52 million (2024: Rs. 103.06 million) and bonus of Rs. 302.79 million (2024: Rs. 170.73 million).
- 29.2 This includes stock-in-trade amounting to Rs. 6.44 million (2024: nil) written off during the year.
- 29.3 This includes an amount of Rs. 384.92 million paid to the Capital Development Authority (CDA) for building regularisation charges (note 14.1.3).
- 29.4 This represents property, plant and equipment written off that were determined to be irreparable after carrying out detailed reassessment / physical verification exercise by the management.

		2025	2024
	Note	(Rupees in '000')	
29.5	Auditors' remuneration		
	Annual audit fee	1,881	1,710
	Half yearly review fee	990	900
	Statutory certifications	745	850
	Out of pocket expenses	340	239
		3,956	3,699
	Sales tax	542	519
		4,498	4,218
30	FINANCE COSTS		
	Markup on long term loans - secured	145,775	249,397
	Interest on lease liabilities 10	111,146	92,428
	Credit card payment collection and bank charges	96,911	99,229
		353,832	441,054
31	INCOME TAX EXPENSE / LEVIES		
	Current tax		
	- for the year	1,736,264	889,110
	- prior year	147,519	-
		1,883,783	889,110
	Deferred tax (expense) / income 13 & 31.1	(78,047)	4,993
		1,805,736	894,103

- 31.1 Reconciliation between current tax charged under the Ordinance with current tax recognised in the unconsolidated statement of profit or loss, is as follows:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Current tax liability for the year as per the Ordinance			
Portion of current tax liability as per tax law, representing income tax under IAS 12		1,876,860	881,822
Portion of current tax liability as per tax law, representing levy in term of requirement of IFRIC 21 / IAS 37	31.2	6,923	7,288
		1,883,783	889,110

31.2 This represents portion of final tax paid as per the Ordinance, representing levy in terms of requirements of IFRIC 21 / IAS 37.

		2025	2024
31.3	Reconciliation of tax charge for the year:		
	Profit before levies and income tax (Rupees in '000')	4,134,716	2,256,177
	Income tax expense / levies (Rupees in '000')	1,805,736	894,103
	Effective tax rate (Percentage)	43.67	39.63
	Reconciliation of effective tax rate (percentage)		
	Applicable tax rate	29.00	29.00
	Add: super tax	10.00	10.00
	Add: net tax effects of amounts that are inadmissible for tax purposes / others	20.75	27.16
	Less: net tax effect of amounts that are deductible for tax purposes / others	16.08	26.53
	Average effective tax rate charged on income	43.67	39.63
32	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the year (Rupees in '000')	2,328,980	1,362,074
	Weighted average number of ordinary shares outstanding during the year (Number in '000')	63,214	63,214
	Earnings per share - basic and diluted (Rupees)	36.84	21.55

32.1 There is no dilutive effect on the basic earnings per share of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

33 CAPACITY UTILISATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of the Company are given below:

	2025	2024	2025	2024	2025	2024
	Available bed days		Occupied bed days		Occupancy ratio	
H-8 Hospital Islamabad	180,196	183,301	114,543	113,642	63.57%	62.00%
Faisalabad Hospital	20,805	20,630	6,957	7,583	33.44%	36.76%

33.1 Reported utilisation is a result of pattern of patient turnover under different specialties.

34 UNAVAILED CREDIT FACILITIES

Unavailed credit facilities at year end other than those disclosed in note 8 of the unconsolidated financial statements are as under:

	2025	2024
	(Rupees in '000')	
Letter of credit	193,485	200,000
Diminishing musharakah	310,482	240,561
Ijarah financing	51,709	51,709
Running musharakah	500,000	500,000
Letter of guarantee	30,368	32,416
	1,086,044	1,024,686
	Number	
35 NUMBER OF EMPLOYEES		
Number of employees	5,627	5,329
Average number of employees	5,490	5,296

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

36 RELATED PARTIES TRANSACTIONS

The related parties comprise of subsidiaries, associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund Trust and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Company considers its chief executive officer, chief financial officer, company secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Related party transactions are based on arm's length between the parties as per pricing policy approved by the board of directors of the SIHL. Transactions and balances with the related parties are given below:

		2025	2024
	Note	(Rupees in '000')	
Shifa Foundation:			
Transactions			
Revenue from medical and other services earned by the Company		24,062	13,997
Rent expense paid by and reimbursed to the Company		1,373	1,215
Acquisition of 937,680 (2024: 1,328,397) ordinary shares of SIHT (Private) Limited		300,000	425,000
Balance			
Receivable - unsecured at the year end		14,422	7,137
Tameer-e-Millat Foundation:			
Transactions			
Supplies provided to the Company		81,787	102,662
Other services provided to the Company	36.1	28,755	35,904
Rental services received / earned by the Company		14,418	6,353
Balance			
Payable - unsecured at the year end		4,186	7,285
Shifa Tameer-e-Millat University:			
Transactions			
Revenue from medical and other services earned by the Company		26,063	28,402
Revenue from rent earned by the Company		4,256	3,869
Other services provided to the Company	36.1	84,924	113,015
Expenses paid and reimbursed to the Company		20,487	21,160
Expenses paid and reimbursed by the Company		29,788	33,410
Balance			
Payable - unsecured at the year end		42,798	31,566

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
SIHT (Private) Limited:			
Transactions			
Revenue from medical services earned by the Company		770,121	568,496
Expenses paid by and reimbursed to the Company		4,534	5,724
Other services provided to the Company	36.1	3,544	26,267
Balance			
Receivable - unsecured at the year end		59,898	30,329
Shifa Development Services (Private) Limited:			
Transactions			
Revenue from rent earned by the Company		-	1,096
Balance			
Receivable / (payable) - unsecured at the year end		-	-
Shifa Cooperative Housing Society Limited:			
Transactions			
Plot maintenance charges paid by the Company		2,571	3,112
Balance			
Receivable / (payable) - unsecured at the year end		-	-
Shifa Medical Centre Islamabad (Private) Limited:			
Transactions			
Corporate shared services provided by the Company		-	5,131
Balance			
Receivable / (payable) - unsecured at the year end		-	-
Shifa National Hospital Faisalabad (Private) Limited:			
Transactions			
Investment made by the Company in 55,509,426 (2024: nil) ordinary shares		555,094	-
Corporate shared services provided by the Company		-	5,131
Balance			
Receivable / (payable) - unsecured at the year end		-	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Shifa Neuro Sciences Institute Islamabad (Private) Limited:			
Transactions			
Rent paid by the Company		93,690	117,390
Dividend income received by the Company		50,926	16,975
Balance			
Receivable - unsecured at the year end		-	20,278
Shifa International DWC - LLC:			
Transactions			
Patient referral services provided to the Company		-	14,677
Balance			
Receivable / (payable) - unsecured at the year end		-	-
Shifa CARE (Private) Limited:			
Transactions			
Corporate shared services provided by the Company		-	1,924
Balance			
Receivable / (payable) - unsecured at the year end		-	-
International Finance Corporation:			
Transactions			
Dividend paid by the Company		18,964	22,757
Balance			
Receivable / (payable) - unsecured at the year end		-	-
SIHL Employees' Gratuity Fund Trust:			
Transactions			
Payments made by the Company		215,360	242,112
Dividend paid by the Company		196	235
Balance			
Payable - unsecured at the year end		102,728	132,734
Remuneration including benefits and perquisites of key management personnel	36.2	523,268	389,359

36.1 This represents services of nursing education, employees' children education and media services.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

36.2 This includes employee retirement benefits amounting to Rs. 19.09 million (2024: Rs. 14.68 million).

36.3 Following is the list of related parties and their shareholding for the year ended June 30, 2025;

Sr #	Name of related party (RP)	Basis of relationship	Percentage of	
			Company's shareholding in RP	RP's shareholding in the Company
1	Shifa Foundation	Common Directorship	N/A*	6.57%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.44%
3	SIHL Employees' Gratuity Fund Trust	Benefit Plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.27%
5	Shifa Development Services (Private) Limited	Subsidiary & Common Directorship	55%	Nil
6	Shifa Cooperative Housing Society Limited	Common Directorship	N/A	Nil
7	Shifa National Hospital Faisalabad (Private) Limited	Subsidiary & Common Directorship	60%	Nil
8	Shifa Medical Centre Islamabad (Private) Limited	Subsidiary & Common Directorship	56%	Nil
9	Shifa CARE (Private) Limited	Associate & Common Directorship	50%	Nil
10	SIHT (Private) Limited	Associate & Common Directorship	45.3%	Nil
11	International Finance Corporation (IFC)	Associate	Nil	12.00%
12	Ahmed E.H. Jaffer Foundation	Common Directorship	N/A	Nil

*N/A stands for not applicable.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these unconsolidated financial statements in respect of remuneration and benefits, to the chief executive, directors and executives of the Company is given below:

	Chief Executive		Executive Director		Non Executive Directors			Executives	
	2025	2024	2025	2024	2025	2024	2024	2025	2024
	(Rupees in '000')								
Managerial remuneration	45,167	40,816	30,195	6,324	14,412	12,500		759,047	474,811
Annual bonus	2,145	1,815	1,221	-	331	260		26,703	14,090
Defined contribution plan	2,598	2,368	1,532	-	-	-		35,586	23,661
Medical insurance	125	120	94	146	277	394		6,684	4,553
Leave encashment	1,969	-	1,112	-	-	-		17,421	11,136
	52,004	45,119	34,154	6,470	15,020	13,154		845,441	528,251
Number of persons	1	1	1	1	9	11		147	91

37.1 The chief executive, executive director and eligible executives are provided with Company maintained vehicle.

37.2 Managerial remuneration includes Rs. 8.70 million (2024: Rs. 5.02 million) paid to directors in respect of meeting fee.

37.3 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.20 million (2024: Rs. 1.20 million) during the year.

37.4 Travelling and other expenses of Rs. 20.28 million (2024: Rs. 26.50 million) for official purposes are reimbursed by the Company to directors.

38 CASH AND CASH EQUIVALENTS

	Note	2025	2024
		(Rupees in '000')	
Investment in Term Deposit Receipt - at amortised cost	25	3,000	3,000
Cash and bank balances	26	3,511,814	2,129,377
		3,514,814	2,132,377

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

39 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	(Rupees in '000')					
2025	Liabilities		Equity		Total	
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Un-appropriated profit
Balance at beginning of the year	1,052,208	22,743	793,646	632,144	2,738,888	7,624,157
Changes from financing cash flows						
Proceeds from long term financing	537,704	-	-	-	-	-
Repayments of long term financing	(504,047)	-	-	-	-	-
Payment of lease liabilities	-	-	(329,771)	-	-	-
Dividend paid	-	-	-	-	-	(153,831)
Total changes from financing cash flows	33,657	-	(329,771)	-	-	(153,831)
Other changes						
Liability related	15,718	-	235,544	-	-	-
Amortisation of government grant	-	(15,718)	-	-	-	-
Equity related	-	-	-	-	-	-
Total comprehensive changes	-	-	-	-	-	-
Transfer upon merger (refer note 1.1)	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Changes in unclaimed dividend	-	-	-	-	-	-
Total of equity related changes	-	-	-	-	-	-
Balance at end of the year	1,101,583	7,025	699,419	632,144	2,738,888	9,830,602
						2,360,276
						15,009,660

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Liabilities			Equity			Total
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Un-appropriated profit	
2024	(Rupees in '000')						
Balance at beginning of the year	1,691,820	48,590	727,642	632,144	2,738,888	6,511,963	12,351,047
Changes from financing cash flows							
Proceeds from long term financing	216,122	-	-	-	-	-	216,122
Repayments of long term financing	(881,581)	-	-	-	-	-	(881,581)
Payment of lease liabilities	-	-	(317,832)	-	-	-	(317,832)
Dividend paid	-	-	-	-	-	(181,869)	(181,869)
Total changes from financing cash flows	(665,459)	-	(317,832)	-	-	(181,869)	(1,165,160)
Other changes							
Liability related	25,847	-	383,836	-	-	-	409,683
Amortisation of government grant	-	(25,847)	-	-	-	-	(25,847)
Equity related							
Total comprehensive changes	-	-	-	-	-	1,286,050	1,286,050
Other changes	-	-	-	-	-	15,787	15,787
Changes in unclaimed dividend	-	-	-	-	-	(7,775)	(7,775)
Total of equity related changes	-	-	-	-	-	1,294,062	1,294,062
Balance at end of the year	1,052,208	22,743	793,646	632,144	2,738,888	7,624,157	12,863,785

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		2025	2024
	Note	(Rupees in '000')	
40	ADJUSTMENT OF NON-CASH INCOME AND EXPENSE		
Depreciation / amortisation	29	1,090,495	1,079,702
Amortisation on intangible assets	29	3,515	1,054
Expected credit losses	24.2 & 41.1.3	144,421	111,778
Property, plant and equipment written off	29	75,709	7,168
Gain on disposal of property, plant and equipment	28	(2,500)	(2,664)
Loss on disposal of investment property	29	7,340	2,708
Gain on termination of right of use assets		(29,371)	(75)
Provision for compensated absences	29	136,518	103,063
Provision for defined contribution plan	29	129,225	109,027
Provision for bonus for employees	29	302,795	170,730
Provision for gratuity	29	102,043	80,644
Charged / (reversal) of provision for slow moving stores	29	2,671	(1,892)
Gain on investments and bank deposits	28	(289,681)	(133,913)
Impairment loss on long term investment		-	54,967
Impairment loss on derecognition of investment		-	21,015
(Gain) / loss on foreign currency translation	28 & 29	(7,199)	26,469
Finance costs	30	353,832	441,054
		2,019,813	2,070,835

41 FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

the Company's activities. The Company, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

41.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. The Company does not have significant exposure to any individual counter-party. To reduce exposure to credit risk, the Company has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECL for those credit exposure. Furthermore, the Company has credit control in place to ensure that services are rendered to customers with an appropriate credit history.

41.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025	2024
	(Rupees in '000')	
Long term deposits	105,003	113,937
Trade debts	1,461,456	1,346,189
Deposits and other receivables	143,246	136,837
Markup accrued	19,219	4,102
Other financial assets	1,006,355	202,566
Bank balances	3,497,263	2,103,322
	6,232,542	3,906,953

The Company is exposed to credit risk from its operating and short term investing activities. The Company's credit risk exposures are categorised under the following headings:

41.1.2 Counterparties

The Company conducts transactions with the following major types of counterparties:

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Trade debts

Trade debts are essentially due from government companies / institutions, private companies (panel companies) and individuals to whom the Company is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Company does not expect any inability to meet their obligations. The Company manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Company has credit control in place to ensure that services are rendered to customers with an appropriate credit history and makes allowance for ECL against those balances considered doubtful of recovery.

Bank balances and investments

The Company limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2025	2024
	(Rupees in '000')	
Government companies	1,004,186	845,715
Private companies	396,193	444,325
Individuals	340,532	290,159
Related parties	14,422	7,137
	1,755,333	1,587,336

41.1.3 Impairment losses

The ageing of trade debts at the reporting date was:

	2025		2024	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	592,897	4,566	498,244	3,178
1 - 2 months	463,688	13,068	357,017	12,967
3 - 4 months	139,545	7,889	218,635	30,316
5 - 7 months	123,122	17,642	148,772	24,285
8 - 12 months	110,930	46,906	98,670	31,039
Above 12 months	325,151	203,806	265,998	139,362
	1,755,333	293,877	1,587,336	241,147

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2025 (Rupees in '000')	2024
Balance at beginning of the year		241,147	226,563
Expected credit losses		52,730	93,273
Bad debts written off		-	(78,689)
Balance at end of the year	22	293,877	241,147

41.1.4 The ageing of Shifa Foundation (SF) and SIHT (Private) Limited at the reporting date was:

	Note	2025 (Rupees in '000')		2024 (Rupees in '000')	
		Gross debts / Other receivables	Allowance for ECL	Gross debts / Other receivables	Allowance for ECL
Shifa Foundation					
1 - 6 months	22	14,422	-	7,137	-
SIHT (Private) Limited					
1 - 3 months	24.1	59,898	-	30,329	-

41.1.5 The Company maintained balances of Rs. 3,497.26 million (2024: Rs. 2,103.32 million) with Banks and Rs. 1,003.36 million (2024: Rs. 199.57 million) with Asset Management Companies as at June 30, 2025. Management has assessed the credit quality of the counterparties as satisfactory. Geographical analysis and credit rating information is given below:

Banks / financial institutions	Credit Rating	Rating		2025	2024
	Agency	Short term	Long term	(Rupees in '000')	
Pakistan:					
Habib Bank Limited	JCR - VIS	A1+	AAA	637,091	1,041,268
Meezan Bank Limited	JCR - VIS	A1+	AAA	281,707	500,902
Al - Baraka Bank (Pakistan) Limited	JCR - VIS	A1	AA-	1,970,854	284,198
United Bank Limited (UBL)	JCR - VIS	A1+	AAA	21,062	57,686
MCB Bank Limited	PACRA	A1+	AAA	19,260	13,854
Dubai Islamic Bank Pakistan Limited	JCR - VIS	A1+	AA	83,241	13,603
Askari Bank Limited	PACRA	A1+	AA+	14	14
Faysal Bank Limited	JCR - VIS	A1+	AA+	37,032	53,778
Bank Alfalah Limited	PACRA	A1+	AAA	48,196	6,030
Bank Al Habib Limited	PACRA	A1+	AAA	384,791	122,398
National Bank of Pakistan (NBP)	JCR - VIS	A1+	AAA	13,890	9,592
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	126	-
UBL - Al Ameen Islamic Cash Fund	JCR - VIS	-	AA+(f)	220,283	199,566
NBP Islamic Money Market Fund	PACRA	-	AA(f)	783,072	-

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

41.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. For this purpose the Company has credit facilities as mentioned in notes 8 and 34 to the financial statements. Further liquidity position of the Company is monitored by the Board through budgets, cash flow projections and comparison with actual results.

Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
(Rupees in '000')						
2025						
Long term financing- secured	1,108,609	136,369	118,795	276,752	546,986	29,707
Deferred liabilities	44,846	-	-	44,846	-	-
Trade and other payables	3,932,341	3,932,341	-	-	-	-
Unclaimed dividend	48,935	48,935	-	-	-	-
Mark up accrued	7,974	7,974	-	-	-	-
	5,142,705	4,125,619	118,795	321,598	546,986	29,707
2024						
Long term financing-secured	1,074,951	361,803	133,392	243,370	336,386	-
Deferred liabilities	34,434	-	-	34,434	-	-
Trade and other payables	3,516,285	3,516,285	-	-	-	-
Unclaimed dividend	44,730	44,730	-	-	-	-
Mark up accrued	23,858	23,858	-	-	-	-
	4,694,258	3,946,676	133,392	277,804	336,386	-

Maturity analysis of lease liabilities is given in note 10.

41.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Company is exposed to currency, mark up rate and market price risk.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

41.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The Company's exposure to foreign currency risk is as follows:

	2025		2024	
	(Amount in '000')			
	Euro	USD	Euro	USD
Bank balances	-	1,289	-	3,285
Letter of credit	-	-	(555)	(1,460)
	-	1,289	(555)	1,825

	2025		2024	
	(Rupees in '000')			
Bank balances	-	365,444	-	913,689
Letter of credit	-	-	(165,397)	(406,837)
	-	365,444	(165,397)	506,852

Following are significant exchange rates applied during the year:

	Average rate		Closing rate	
	2025	2024	2025	2024
	(Rupees)			
USD 1 - Buying	279.14	283.02	283.53	278.15
USD 1 - Selling	279.57	283.45	283.97	278.59
Euro 1 - Buying	-	306.25	-	297.45
Euro 1 - Selling	-	306.72	-	297.92

Foreign currency sensitivity analysis

A 10 percent variation of PKR against USD at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remains constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
2025	%	(Rupees in '000')	
Foreign currencies	+10%	22,292	22,292
Foreign currencies	-10%	(22,292)	(22,292)

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
2024	%	(Rupees in '000')	
Foreign currencies	+10%	20,829	20,829
Foreign currencies	-10%	(20,829)	(20,829)

41.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term financing, short term investments and deposits with banks which are variable rate financial instruments. At the reporting date the markup rate profile of the Company's markup-bearing financial instruments are:

	Note	2025	2024
		(Rupees in '000')	
Financial assets			
Investment - at amortised cost	25.1	3,000	3,000
Bank balances	26	2,561,332	793,057
		2,564,332	796,057
Financial liabilities			
Financing - secured	8	(1,108,609)	(1,074,951)
		1,455,723	(278,894)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2025 would decrease / increase by Rs. 0.40 million (2024: Rs. 1.11 million). This is mainly attributable to the Company's exposure to markup rates on its variable rate borrowings.

41.3.3 Price risk

The Company's price risk arises from investments in units as disclosed in note 25.2 which are designated at fair value through profit or loss, however, in accordance with the investment strategy the performance of units is actively monitored and they are managed on a fair value basis.

Price risk sensitivity analysis

If the fair value of mutual fund investments at the year end had fluctuated by 1% higher or lower, with all other variables held constant, the profit for the year would have been higher or lower by Rs. 6.12 million (2024: Rs. 1.22 million), primarily due to changes in the fair value of investments.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

41.4 Financial instrument by category

	Amortised cost	Fair value through profit or loss	Total
2025	(Rupees in '000')		
Financial assets			
Maturity upto one year			
Trade debts	1,461,456	-	1,461,456
Deposits and other receivables	143,246	-	143,246
Markup accrued	19,219	-	19,219
Other financial assets	3,000	1,003,355	1,006,355
Cash and bank balances	3,511,814	-	3,511,814
Maturity after one year			
Long term deposits	105,003	-	105,003
	5,243,738	1,003,355	6,247,093
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,932,341	-	3,932,341
Unclaimed dividend	48,935	-	48,935
Markup accrued	7,974	-	7,974
Current portion of long term financing - secured	255,190	-	255,190
Current portion of lease liabilities	192,895	-	192,895
Maturity after one year			
Long term financing - secured	853,419	-	853,419
Deferred liabilities	44,846	-	44,846
Lease liabilities	506,524	-	506,524
	5,842,124	-	5,842,124

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Amortised cost	Fair value through profit or loss (Rupees in '000')	Total
2024			
Financial assets			
Maturity upto one year			
Trade debts	1,346,189	-	1,346,189
Deposits and other receivables	136,837	-	136,837
Markup accrued	4,102	-	4,102
Other financial assets	3,000	199,566	202,566
Cash and bank balances	2,129,377	-	2,129,377
Maturity after one year			
Long term deposits	113,937	-	113,937
	3,733,442	199,566	3,933,008
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,516,285	-	3,516,285
Unclaimed dividend	44,730	-	44,730
Markup accrued	23,858	-	23,858
Current portion of long term financing - secured	495,195	-	495,195
Current portion of lease liabilities	266,739	-	266,739
Maturity after one year			
Long term financing - secured	579,756	-	579,756
Deferred liabilities	34,434	-	34,434
Lease liabilities	526,907	-	526,907
	5,487,904	-	5,487,904

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

41.5 Fair value

Fair value versus carrying amounts

The fair value of financial assets and liabilities, together with the carrying amounts shown in the unconsolidated statement of financial position are as follows:

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
(Rupees in '000')				
Assets carried at amortised cost				
Long term deposits	105,003	105,003	113,937	113,937
Trade debts	1,461,456	1,461,456	1,346,189	1,346,189
Deposits and other receivables	143,246	143,246	136,837	136,837
Markup accrued	19,219	19,219	4,102	4,102
Other financial assets	3,000	3,000	3,000	3,000
Cash and bank balances	3,511,814	3,511,814	2,129,377	2,129,377
	5,243,738	5,243,738	3,733,442	3,733,442
Assets carried at fair value				
Other financial assets	1,003,355	1,003,355	199,566	199,566
Liabilities carried at amortised cost				
Long term financing - secured	853,419	853,419	579,756	579,756
Deferred Liabilities	44,846	44,846	34,434	34,434
Lease liabilities	506,524	506,524	526,907	526,907
Trade and other payables	3,932,341	3,932,341	3,516,285	3,516,285
Unclaimed dividend	48,935	48,935	44,730	44,730
Markup accrued	7,974	7,974	23,858	23,858
Current portion of long term financing - secured	255,190	255,190	495,195	495,195
Current portion of lease liabilities	192,895	192,895	266,739	266,739
	5,842,124	5,842,124	5,487,904	5,487,904

The basis for determining fair values is as follows:

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortised cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

42 FAIR VALUE HIERARCHY

Other financial assets

Fair value of investment in mutual funds (note 25.2) has been determined using quoted repurchase price at reporting date and categorised under level 1 of fair value hierarchy.

Fair value of land

Lands owned by the Company are valued by independent valuer to determine the fair values of lands as at reporting date. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

There were no transfer amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

43 DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES

Following information has been disclosed as required under amended part I clause VII of Fourth Schedule to the Companies Act, 2017 as amended via S.R.O 1278(I)/2024 dated August 15, 2024:

		2025	2024
	Note	(Rupees in '000')	
Financing as per islamic mode			
Long term financing (including current portion)	8	1,058,622	983,136
Short term shariah compliant investments			
Investment in Mutual Fund - at fair value through profit or loss	25	1,003,355	199,566
Shariah compliant bank balances			
Bank balances	26	2,442,121	607,812
Shariah compliant revenue			
Revenue - net	27	27,967,661	23,563,840
Dividend earned on shariah compliant investments			
Dividend income from mutual fund - investments at fair value through profit or loss	28	27,690	35,844
Dividend income from subsidiary	28	50,926	16,975
Profit earned from shariah compliant bank balances			
Profit on bank balances	28	177,098	40,389

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Exchange gain earned from actual currency			
Exchange gain / (loss)	28 & 29	7,199	(26,469)
Profit paid on islamic mode of financing			
Long term financing	30	145,023	248,179
Source and detailed breakup of other income			
Shariah compliant			
Un-realised gain on investments at fair value through profit or loss	28	25,803	14,180
Others	28	332,195	148,193
Non-Shariah compliant			
Profit on bank balances	28	8,164	26,525
Others	28	36,660	1,225
Relationship with sharia compliant financial institutions / takaful operators			
Name	Relationship		
Al-Baraka Bank (Pakistan) Limited	Funded facility and Bank balance		
Meezan Bank Limited	Funded / Non-funded facility and Bank balance		
Habib Bank Limited	Funded / Non-funded facility and Bank balance		
Dubai Islamic Bank Pakistan Limited	Bank balance		
Faysal Bank Limited	Bank balance		
Bank Alfalah Limited	Funded facility and Bank balance		
First Habib Modaraba	Funded facility		
EFU General Insurance Limited	Takaful		
Jubilee General Insurance Company Limited	Takaful		

44 OPERATING SEGMENTS

The financial statements have been prepared on the basis of single reportable segment. All revenue of the Company is earned in Pakistan. All non-current assets of the Company at June 30, 2025 are located in Pakistan. There is no other segment with more than 10% of total revenue of the Company for the year.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

45 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The board of directors of the Company in its meeting held on September 06, 2025 has proposed a final cash dividend for the year ended June 30, 2025 @ Rs. 5 per share, amounting to Rs. 316.07 million for approval of the members in the Annual General Meeting to be held on October 25, 2025. The unconsolidated financial statements for the year ended June 30, 2025 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

46 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, following reclassification has been made during the year.

2024		
Description	Note	(Rupees in '000')
Reclassification from Stock in trade to Stores, spare parts and loose tools	20 & 21	23,545

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were approved and authorised for issue by the board of directors of the Company on September 06, 2025.

48 GENERAL

Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER





CONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2025

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SHIFA INTERNATIONAL HOSPITALS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Shifa International Hospitals Limited** (the Group), which comprise the consolidated statement of financial position as at June 30, 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of consolidated financial statements of the current period. These matters are addressed in the context of our audit of the consolidated financial statement as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	Revenue Recognition (Refer note 29 to the consolidated financial statements) The Group's revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. During the year ended June 30, 2025, the Group recognised aggregate revenue of Rs. 27,967.661 million from rendering of services to inpatients, outpatients, external pharmacy outlets, cafeteria sales and operating leases to related parties/ other parties. We identified recognition of revenue as an area of higher risk as it includes large number of revenue transactions with a large number of customers in various geographical locations and revenue being one of the key performance indicators of the Group. Accordingly, it was considered as a key audit matter.	Our procedures in relation to revenue recognition, amongst others, included: • Understood and evaluated management controls over revenue and verified their validations; • Performed test of controls and evaluation of Information Technology General Controls (ITGC) with the assistance of our IT expert to assess the operating effectiveness of controls related to the automation of revenue recognition; • Verified that revenue has been recognised in accordance with the Group's accounting policy and the applicable reporting framework; • Performed verification of sample of revenue transactions with underlying documentation including invoices, agreements, charge-sheets and other relevant underlying documents; • Verified receipts from customers on sample basis against the revenue booked during the year; • Performed cut-off procedures on sample basis to ensure revenue has been recognised in the correct period; • Tested journal entries relating to revenue recognised during the year based on identified risk criteria; and • Assessed the appropriateness of disclosures made in the financial statements related to revenue as required under the applicable reporting framework.

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Sr. No.	Key audit matters	How the matter was addressed in our audit
2.	Expected credit loss allowance on trade debts (Refer note 24 to the consolidated financial statements) The Group has recognised balance of an expected credit loss allowance of Rs. 295.676 million on gross amount of trade debts of Rs. 1,757.132 million as at June 30, 2025. Under IFRS 9, the Group is required to recognise expected credit loss allowance for financial assets using Expected Credit Loss (ECL) model. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience, time value of money and forward-looking macroeconomic information etc. We have considered the expected credit loss assessment as a key audit matter due to the significance of estimates and judgments involved.	Our audit procedures in relation to expected credit loss assessment of trade debts, amongst others, included the following: • Understood the management's process for estimating the ECL in relation to trade debts. Assessed and evaluated the assumptions used by the management in determining impairment loss under the ECL model; • Verified appropriateness of ageing, on sample basis, by comparing individual balances with underlying documentation; • Reviewed the appropriateness of assumptions used for ECL computation from relevant external and internal sources; • Circularised balance confirmation for trade debtors on sample basis and evaluated responses received; • Verified subsequent clearance of balances due as of June 30, 2025 on sample basis; and • Assessed the appropriateness of disclosures related to impairment assessment of trade debts as required under the applicable reporting framework.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.



In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

BDO Ebrahim & Co. Chartered Accountants

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Atif Riaz.

ISLAMABAD

DATED: 16 SEP 2025

UDIN : AR202510060m7yJx9IUa

BDO EBRAHIM & CO
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2025

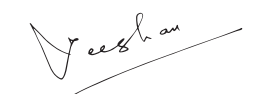
		2025	2024
	Note	(Rupees in '000')	
SHARE CAPITAL AND RESERVES			
Authorised share capital 100,000,000 (2024: 100,000,000) ordinary shares of Rs. 10 each		1,000,000	1,000,000
Issued, subscribed and paid up capital	5	632,144	632,144
Capital reserves			
Share premium	6	2,738,888	2,738,888
Surplus on revaluation of property, plant and equipment	7	2,355,123	2,021,310
Revenue reserves			
Unappropriated profit		9,203,864	7,118,684
		14,930,019	12,511,026
NON - CONTROLLING INTEREST	8	2,967,066	2,470,891
NON - CURRENT LIABILITIES			
Long term financing - secured	9	853,419	579,756
Deferred liabilities	10	289,268	389,394
Lease liabilities	11	506,524	483,396
		1,649,211	1,452,546
CURRENT LIABILITIES			
Trade and other payables	12	4,895,138	4,168,270
Unclaimed dividend		48,935	44,730
Markup accrued	13	7,974	23,858
Taxation - net	14	62,833	-
Current portion of long term financing - secured	9	255,190	495,195
Current portion of lease liabilities	11	192,895	146,911
		5,462,965	4,878,964
		25,009,261	21,313,427

CONTINGENCIES AND COMMITMENTS

15

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE

		2025	2024
	Note	(Rupees in '000')	
NON - CURRENT ASSETS			
Property, plant and equipment	16	14,992,071	13,860,258
Intangible assets	17	42,701	39,375
Investment property - at cost	18	624,872	720,292
Long term investments	19	740,157	424,045
Long term advances to suppliers and contractors	20	324,174	-
Long term deposits	21	117,961	126,050
		16,841,936	15,170,020
CURRENT ASSETS			
Stores, spare parts and loose tools	22	224,161	243,579
Stock in trade	23	959,987	1,018,321
Trade debts	24	1,461,456	1,346,189
Loans and advances	25	451,924	454,495
Deposits, prepayments and other receivables	26	213,445	175,459
Markup accrued		19,219	4,383
Other financial assets	27	1,075,513	484,991
Taxation - net		-	258,787
Cash and bank balances	28	3,761,620	2,157,203
		8,167,325	6,143,407
		25,009,261	21,313,427



CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Revenue - net	29	27,967,661	23,553,578
Other income	30	383,202	233,279
Operating costs	31	(23,813,756)	(20,981,597)
Finance costs	32	(345,724)	(421,091)
Expected credit losses	26.2 & 43.1.3	(141,016)	(116,289)
Share of profit / (loss) of associates	19	16,112	(4,506)
Profit before levies and income tax		4,066,479	2,263,374
Levies	33	(7,717)	(15,224)
Profit before income tax		4,058,762	2,248,150
Income tax expense	33	(1,826,928)	(918,524)
Profit for the year - continuing operations		2,231,834	1,329,626
Profit for the year - discontinued operations - net of tax		-	2,466
Profit for the year		2,231,834	1,332,092
Attributable to:			
Equity holders of SIHL			
Continuing operations		2,257,919	1,368,030
Discontinued operations		-	2,466
		2,257,919	1,370,496
Non-controlling interest			
Continuing operations		(26,085)	(38,404)
Discontinued operations		-	-
		(26,085)	(38,404)
		2,231,834	1,332,092
Earnings per share - basic and diluted (Rupees)			
Continuing operations		35.72	21.64
Discontinued operations		-	0.04
	34	35.72	21.68

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Profit for the year		2,231,834	1,332,092
Other comprehensive income			
Items that will not be subsequently reclassified to the consolidated statement of profit or loss:			
Loss on remeasurement of staff gratuity fund benefit plan (net of tax)	12.5.4	(50,820)	(76,024)
Surplus on revaluation of land	16	506,447	20,321
		455,627	(55,703)
Total comprehensive income for the year		2,687,461	1,276,389
Attributable to:			
Equity holders of SIHL			
Continuing operations		2,577,029	1,303,420
Discontinued operations		-	2,466
		2,577,029	1,305,886
Non-controlling interest			
Continuing operations		110,432	(29,497)
Discontinued operations		-	-
		110,432	(29,497)
		2,687,461	1,276,389

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2025

	Share capital	Share premium	Surplus on revaluation of property, plant and equipment	Un - appropriated profit	Non - controlling interest (NCI)	Total
(Rupees in '000')						
Balance as at July 01, 2023	632,144	2,738,888	2,032,194	5,991,558	2,500,388	13,895,172
Total comprehensive income						
Profit / (loss) for the year	-	-	-	1,370,496	(38,404)	1,332,092
Other comprehensive income / (loss) - net of tax	-	-	11,414	(76,024)	8,907	(55,703)
	-	-	11,414	1,294,472	(29,497)	1,276,389
Realisation of revaluation surplus on disposal of assets	-	-	(4,284)	4,284	-	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(18,014)	18,014	-	-
Distribution to owners						
Dividend - final 2023 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Dividend - interim 2024 @ Rs. 1.5 per share	-	-	-	(94,822)	-	(94,822)
Balance as at June 30, 2024	632,144	2,738,888	2,021,310	7,118,684	2,470,891	14,981,917
Total comprehensive income						
Profit / (loss) for the year	-	-	-	2,257,919	(26,085)	2,231,834
Other comprehensive income / (loss) - net of tax	-	-	369,930	(50,820)	136,517	455,627
	-	-	369,930	2,207,099	110,432	2,687,461
Realisation of revaluation surplus on disposal of assets	-	-	(14,517)	14,517	-	-
Transfer of revaluation surplus on property, plant and equipment in respect of incremental depreciation / amortisation	-	-	(21,600)	21,600	-	-
NCI recognised during the year	-	-	-	-	385,743	385,743
Distribution to owners						
Dividend - final 2024 @ Rs. 2.5 per share	-	-	-	(158,036)	-	(158,036)
Balance as at June 30, 2025	632,144	2,738,888	2,355,123	9,203,864	2,967,066	17,897,085

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before levies and income tax - continuing operations		4,066,479	2,263,374
Profit before levies and income tax - discontinued operations		-	2,466
Adjustment of non-cash income and expense	42	2,004,281	1,970,762
Operating cash flows before changes in working capital		6,070,760	4,236,602
Changes in working capital:			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		16,746	33,556
Stock in trade		58,334	(59,368)
Trade debts		(167,997)	(73,340)
Loans and advances		2,571	(19,594)
Deposits, prepayments and other receivables		(41,598)	105,166
Discontinued operations		-	(37,148)
Increase / (decrease) in current liabilities:			
Trade and other payables		395,174	(807,279)
		263,230	(858,007)
Cash generated from operations		6,333,990	3,378,595
Finance costs paid		(258,807)	(395,670)
Income tax paid		(1,591,071)	(866,606)
Payment to SIHL Employees' Gratuity Fund Trust		(215,360)	(242,112)
Compensated absences paid		(89,047)	(72,684)
Payment to defined contribution plan		(103,971)	(84,300)
Net cash generated from operating activities		4,075,734	1,717,223
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment (PPE)		(1,581,347)	(646,079)
Addition to intangible assets		(5,787)	-
Addition to long term investments		(300,000)	(425,000)
(Investment) / encashment of other financial assets - net		(710,537)	241,331
Proceeds from disposal of PPE		5,317	18,826
Proceeds from derecognition of investment		-	2,265
Proceeds from disposal of investment property		-	26,000
Markup received		224,479	100,145
Increase in advances to suppliers and contractors		(324,174)	-
Decrease / (increase) in long term deposits		5,463	(23,200)
Net cash used in investing activities		(2,686,586)	(705,712)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
CASH FLOWS FROM FINANCING ACTIVITIES			
Non-controlling interest		385,743	-
Long term financing - repayments		(504,047)	(881,581)
Proceeds from long term financing		537,704	216,122
Payment of lease liabilities		(236,081)	(200,524)
Dividend paid		(153,831)	(181,869)
Net cash generated from / (used in) financing activities		29,488	(1,047,852)
Net increase / (decrease) in cash and cash equivalents		1,418,636	(36,341)
Cash and cash equivalents at beginning of the year		2,383,305	2,446,115
Effect of exchange rate changes on cash and cash equivalents		7,199	(26,469)
Cash and cash equivalents at end of the year	40	3,809,140	2,383,305

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

1 STATUS AND NATURE OF BUSINESS

Shifa International Hospitals Limited ("the Group") comprises of Shifa International Hospitals Limited (SIHL / parent company) and its subsidiaries, Shifa Development Services (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa Medical Center Islamabad (Private) Limited.

SIHL was incorporated in Pakistan on September 29, 1987 as a private limited company under the Companies Ordinance, 1984 (repealed with the enactment of the Companies Act, 2017 on May 30, 2017) and converted into a public limited company on October 12, 1989. The shares of the SIHL are quoted on Pakistan Stock Exchange Limited. The registered office of the SIHL is situated at Sector H-8/4, Islamabad. The principal activity of SIHL is to establish and run medical centers and hospitals in Pakistan. The SIHL has established its first hospital in 1993 in H-8/4 Islamabad, second hospital in 2011 in Faisalabad and another in 2014 in G-10/4 Islamabad. The SIHL is also running medical centers, lab collection points and pharmacies in different cities of Pakistan.

Shifa Development Services (Private) Limited (SDSPL) was incorporated in Pakistan on December 18, 2014. The principal activity of SDSPL is to provide consulting services relating to healthcare facility, medical staff, human resource, architectural designing, procurement, hospital quality and project management services. The registered office of SDSPL is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad. During the last year, the investment has been fully impaired in view of financial difficulties faced by SDSPL due to which it might not be able to continue its business.

Shifa National Hospital Faisalabad (Private) Limited (SNH Faisalabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SNH Faisalabad is to establish, run, control, manage and operate tertiary / quaternary care hospitals including diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide all healthcare and surgical related facilities of different diseases, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SNH Faisalabad is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

Shifa Medical Center Islamabad (Private) Limited (SMC Islamabad) was incorporated in Pakistan on February 28, 2019. The principal line of business of the SMC Islamabad is to establish, run, control, manage and operate facilities providing ambulatory services including day care surgeries, diagnostic centers, clinics, laboratories, operation theaters, dental clinics, healthcare centers and provide healthcare and surgical related facilities of different various, inpatient and outpatient services and treatment of viral, bacterial and chronic diseases and all other related services thereof, subject to permission from relevant authorities, if required. The registered office of the SMC Islamabad is situated at Shifa International Hospitals Limited, Sector H-8/4, Islamabad.

The shareholders of the SIHL in the Extraordinary General Meeting dated June 05, 2025 have approved the purchase of 105,814,336 ordinary shares having face value of Rs. 10/- per share held in SMC Islamabad from all the other existing shareholders (the "Minority Shareholders") of SMC Islamabad for an aggregate amount of approximately Rs. 1,666 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Geographical locations of business units of the Group are as follows:

H-8 Hospital, Pitras Bukhari Road, Sector H-8/4, Islamabad

Neuro Sciences Institute, Pitras Bukhari Road, Sector H-8/4, Islamabad

G-10 Hospital, G-10 Markaz, Islamabad

Shifa Medical Center, Gulberg Greens, Islamabad

SMCI Hospital, F-11, Islamabad

Faisalabad Hospital, Main Jaranwala Road, Faisalabad

SNHF Hospital, Sheikhpura Road, Faisalabad

	2025	2024
Percentage share of total revenue given in note 29 is as follows:		
Islamabad	97%	97%
Faisalabad	3%	3%
	100%	100%

The consolidated financial statements of the Group have been prepared based upon initialled accounts for Shifa Medical Center Islamabad (Private) Limited, Shifa National Hospital Faisalabad (Private) Limited and Shifa Development Services (Private) Limited, as at June 30, 2025.

1.1 Merger / amalgamation of Shifa Neuro Sciences Institute Islamabad (Private) Limited (SNS Islamabad) with and into the SIHL

The board of directors of the SIHL and SNS Islamabad, in their respective meetings held on February 22, 2025, and February 24, 2025, approved the merger / amalgamation of SNS Islamabad with and into the SIHL in accordance with the provisions of section 284 of the Companies Act, 2017. The SIHL has filed a scheme of amalgamation along with requisite documentation to the Securities and Exchange Commission of Pakistan (SECP) on March 25, 2025 (effective date of amalgamation), which has been acknowledged by SECP on May 9, 2025. Accordingly, SNS Islamabad stands merged into the SIHL with effect from March 25, 2025.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements of the Group have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS or IFASs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for certain items as disclosed in relevant accounting policies.

2.3 Functional and presentation currency

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional currency.

2.4 Use of estimates and judgments

The preparation of consolidated financial statements in conformity with accounting and reporting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

Notes 4.1 and 19	Estimate of recoverable amount of investment in associated company
Notes 4.3, 4.4, 4.17.4 and 9	Estimate of fair value of financial liabilities at initial recognition
Notes 4.5, 4.6, 10, 14 and 33	Provision for taxation
Notes 4.7, 11 and 16	Right of use assets and corresponding lease liability
Notes 4.9, 12.4 and 12.5	Employee benefits
Notes 4.10, 4.11 and 15	Provisions and contingencies
Notes 4.12 and 16	Estimate of useful life of property, plant and equipment
Notes 4.13 and 17	Estimate of useful life of intangible assets
Note 4.15	Impairment of non-financial assets
Notes 4.17.2, 26.2 and 43.1.3	Expected credit loss allowance
Notes 4.18 and 22	Provision for slow moving stores, spares and loose tools

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

3.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Group's operations or did not have significant impact on the consolidated financial statements other than certain additional disclosures.

3.2 New accounting standards, amendments and interpretations that are not yet effective

**Effective date
(annual reporting
periods beginning
on or after)**

Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
IFRS 17 Insurance Contracts	January 01, 2026

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRIC 12 Service Concession Arrangement has been issued by IASB effective from January 01, 2008. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements unless otherwise stated.

4.1 Basis of consolidation

These consolidated financial statements includes the financial statements of Shifa International Hospitals Limited and its subsidiaries, SDSPL 55% owned (2024: 55% owned), SMC Islamabad 56% owned (2024: 56% owned), SNH Faisalabad 60% owned (2024: 61% owned) and SNS Islamabad (2024: 100% owned) which has been merged into parent company as disclosed in note 1.1.

Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognised from the date the control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Associates (equity accounted investee)

Entities over which the Group has significant influence directly or indirectly (through subsidiaries) but not control and which are neither subsidiaries nor joint ventures of the members of the Group, are associates and are accounted for under the equity method of accounting (equity accounted investees). These investments are initially recognised at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments, if any, to align the accounting policies with those of the Group, from the date that significant influence

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

commences until the date it ceases. Share of post acquisition profit / loss of associates is recognised in the consolidated statement of profit or loss and the consolidated statement of comprehensive income. Distributions received from associates reduce the carrying amount of investment.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Non controlling interest (NCI)

NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in the consolidated statement of profit or loss. Any interest retained in the former subsidiary is measured at fair value when the control is lost.

4.2 Share capital and dividend

Dividend is recognised as a liability in the period in which it is declared. Movement in reserves is recognised in the year in which it is approved.

4.3 Financing and finance cost

Financing is recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, financing is stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of the financing on an effective interest basis. Finance cost is recognised as an expense in the period in which these are incurred.

4.4 Government grants

Government grants are transfer of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities e.g. a government subsidy.

Government grants are recognised at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Group will be able to comply with the conditions associated with the grants.

Grants that compensate the Group for expenses incurred, are recognised on a systematic basis in the income for the year in which the finance cost is recognised and finance cost is reported net of grant in note 32.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

A loan is initially recognised and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value. e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

4.5 Taxation

Taxation for the year comprises of current and deferred tax. Taxation is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in the consolidated statement of changes in equity and consolidated statement of comprehensive income.

Current

Provision for current taxation is based on taxable income at the current rates of tax after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

Deferred

Deferred tax is accounted for using balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity or on different tax entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

The Group takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Group's view differs from the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

Deferred tax asset of Rs. 111.93 million (2024: Rs. 86.48 million) on deductible temporary difference of Rs. 384.95 million (2024: Rs. 298.20 million) has not been recorded in respect of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.6 Levies

Minimum tax, final tax and super tax not based on taxable profits are recognised as a levy in the consolidated statement of profit or loss. The amount calculated on taxable income using the notified tax rate is recognised as current income tax expense for the year in consolidated statement of profit or loss under the scope of IAS 12. Any excess of expected income tax paid or payable for the year under the Income Tax Ordinance, 2001 ("the Ordinance") over the amount designated as current income tax for the year, is then recognised as a levy falling under the scope of IFRIC 21 / IAS 37.

4.7 Leases

4.7.1 Right of use assets (ROUs)

The SIHL recognises right of use assets and a lease liability at the lease commencement date. The right of use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right of use assets or the end of the lease term. The estimated useful lives of right of use assets are determined as those of similar assets or the lease term as specified in contract. In addition, the right of use assets is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has not elected to recognise right of use assets and lease liabilities for short-term leases of properties that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.7.2 Lease liability

The lease liability is initially measured at the present value of the future lease payments discounted using the SIHL's incremental borrowing rate. Lease payments in the measurement of the lease liability comprise the following:

- Fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the SIHL's estimate of the amount expected to be payable under a residual value guarantee, or if the SIHL changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use assets, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right of use assets has been reduced to zero.

4.8 Trade and other payables

Liabilities for trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Group.

4.9 Employee benefits

Defined benefit plan

The SIHL operates approved funded gratuity scheme for all its non management employees who have completed the minimum qualifying period of service as defined in the scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to the consolidated statement of profit or loss. The actuarial gain or loss at each evaluation date is charged to consolidated statement of comprehensive income.

The amount recognised in the consolidated statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of plan assets.

Calculation of gratuity asset requires assumptions to be made of future outcomes which mainly include increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions and determined by actuary.

Defined contribution plan

A defined contribution plan is a post-employment benefit plan where monthly contribution equal to 1/12th of eligible salary are made by the SIHL in employees' pension fund account maintained with designated asset management company and recognised as expense in the consolidated statement of profit or loss as and when they become due. Employees will be eligible for pension fund on the completion of minimum qualifying period. On fulfilment of criteria, accumulated contribution against qualifying period of services from the date of joining classified as deferred liability and will be transferred to employees' pension fund account.

Compensated absences

The Group provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.10 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted prospectively to reflect the current best estimates.

4.11 Contingencies

A contingent liability is disclosed when the Group has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Group; or the Group has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

The Group discloses significant contingent liabilities for the pending litigations and claims against the Group based on its judgment and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognised at the reporting date. However, based on the best judgment of the Group and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognise any liability at the reporting date.

4.12 Property, plant and equipment

Property, plant and equipment except freehold and leasehold land and capital work in progress are stated at cost less accumulated depreciation and impairment in value, if any. Leasehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated amortisation and impairment losses while freehold land is stated at revalued amount being the fair value at the date of revaluation, less any subsequent impairment losses, if any.

Any revaluation increase arising on the revaluation of land is recognised in consolidated statement of comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in the consolidated statement of profit or loss, in which case the increase is credited to the consolidated statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of land is charged to the consolidated statement of profit or loss to the extent that it exceeds the balance, if any, held in the revaluation surplus on property, plant and equipment relating to a previous revaluation of that asset. The surplus on leasehold land to the extent of incremental depreciation charged is transferred to unappropriated profit.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

Capital work in progress and stores held for capital expenditure are stated at cost less impairment loss recognised, if any. All expenditures connected with specific assets incurred during installation and construction period are carried under capital work in progress. These are transferred to specific items of property, plant and equipment when available for intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to the consolidated statement of profit or loss as and when incurred.

Depreciation / amortisation is charged to the consolidated statement of profit or loss commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

In respect of additions and disposals during the year, depreciation / amortisation is charged when the asset is available for use and up to the month preceding the asset's classified as held for sale or derecognised, whichever is earlier.

Assets are derecognised when disposed off or when no future economic benefits are expected to flow from its use. Gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised on net basis in the consolidated statement of profit or loss.

The Group reviews the useful lives of property, plant and equipment on a regular basis. Similarly revaluation of land is made with sufficient regularity. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation / amortisation charge and impairment.

4.13 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Subsequent cost on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

Amortisation is charged to the consolidated statement of profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortisation on additions to intangible assets is charged from the month in which an item is acquired or capitalised while no amortisation is charged for the month in which the item is disposed off.

The Group reviews the useful lives of intangible assets on a regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of intangibles with the corresponding effect on the amortisation charge and impairment.

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FOR THE YEAR ENDED JUNE 30, 2025

4.14 Investment property - at cost

Investment property, principally comprising of land, is held for long term capital appreciation and is valued using the cost method i.e. at cost less impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labor, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs, if any.

The gain or loss on disposal of investment property, represented by the difference between the sale proceeds and the carrying amount of the asset is recognised as income or expense in the consolidated statement of profit or loss.

4.15 Impairment of non - financial assets

The Group assesses at each reporting date whether there is any indication that assets except deferred tax assets and inventory may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in the consolidated statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation / amortisation) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognised in the consolidated statement of profit or loss.

4.16 Investments

All purchases and sales of investments are recognised using settlement date accounting. Settlement date is the date on which that investments are delivered to or by the Group. All investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

4.17 Financial assets

Initial measurement

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

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The Group classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- amortised cost.

Subsequent measurement

i) Debt instrument at FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in the consolidated statement of profit or loss. Other net gains or losses are recognised in consolidated statement of comprehensive income. On de-recognition, gains or losses accumulated in consolidated statement of comprehensive income are reclassified to the consolidated statement of profit or loss.

ii) Equity instrument at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains or losses are recognised in consolidated statement of comprehensive income and are never reclassified to the consolidated statement of profit or loss.

iii) Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains or losses, including any interest / markup or dividend income, are recognised in the consolidated statement of profit or loss.

iv) Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains or losses and impairment are recognised in the consolidated statement of profit or loss.

4.17.1 Other financial assets

Investment in units of mutual funds are classified at fair value through profit or loss and is initially measured at fair value and subsequently is measured at fair value determined using the net assets value of the funds at each reporting date. Net gain or loss is recognised in the consolidated statement of profit or loss.

Investments in term deposit receipts are classified as amortised cost and are initially measured at fair value. Transaction costs directly attributable to the acquisition are included in the carrying amount. Subsequently these investments are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses, if any. Interest/markup income, losses and impairment are recognised in the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4.17.2 Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial asset carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group applies the simplified approach for trade debts which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The Group recognises life time ECL for trade debts, using the simplified approach. The ECL on trade debts are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Life time expected credit losses against other receivables are also recognised due to significant increase in credit risk since initial recognition.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default for financial assets, this is represented by the assets' gross carrying amounts at the reporting date reduced by security deposit held. For other financial assets, the ECL is based on the 12 month ECL. The 12 month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Group recognises an impairment loss in the consolidated statement of profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

The Group writes off financial assets that are still subject to enforcement activities. Subsequent recoveries of amounts previously written off will result in impairment gain.

4.17.3 Derecognition

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

4.17.4 Financial liabilities

Financial liabilities are classified as measured at amortised cost or at fair value through profit or loss (FVTPL). A financial liability is classified at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in the consolidated statement of profit or loss.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in the consolidated statement of profit or loss.

Financial liabilities are derecognised when the contractual obligations are discharged or cancelled or have expired or when the financial liabilities' cash flows have been substantially modified.

4.17.5 Off-setting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set off the recognised amounts, and the Group either intends to settle on a net basis, or realise the asset and settle the liability simultaneously. Legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

4.18 Stores, spare parts and loose tools

These are valued at cost, determined on moving average cost basis or net realisable value, whichever is lower. For items which are slow moving or identified as surplus to the SIHL's requirement, a provision is made for excess of book value over estimated net realisable value.

The SIHL reviews the carrying amount of stores, spare parts and loose tools on a regular basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of stores and spares with a corresponding affect on the provision.

4.19 Stock in trade

Stock in trade is valued at lower of cost, determined on moving average basis or net realisable value. The cost includes expenditure incurred in acquiring the stock items and other cost incurred in bringing them to their present location and condition.

The SIHL reviews the carrying amount of stock in trade on a regular basis. Any change in the estimates in future years might effect the carrying amounts of the respective items of stock in trade with a corresponding affect on the provision.

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4.20 Trade debts, loans, deposits, interest accrued and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. These assets are written off when there is no reasonable expectation of recovery. Past years experience of credit loss is used to base the calculation of credit loss.

4.21 Cash and cash equivalents

Cash and cash equivalents comprises of cash in hand, cheques in hand, balances with banks and highly liquid short term investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of change in value with maturity of three months or less from the date of acquisition.

4.22 Foreign currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gain or loss arising on retranslation is included in the consolidated statement of profit or loss.

4.23 Operating segment

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions. The Group's management has determined that the Group has a single reportable segment as the board of directors views the Group's operations as one reportable segment.

4.24 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. Revenue from operations of the Group are recognised when the services are provided, and thereby the performance obligations are satisfied.

Revenue consists of inpatient revenue, outpatient revenue, pharmacy, cafeteria, rent of building and other services. Group's contract performance obligations are fulfilled at point in time when the services are provided to customer in case of inpatient, outpatient and other services and goods are delivered to customer in case of pharmacy and cafeteria revenue. Revenue is recognised at that point in time, as the control has been transferred to the customers.

Receivable is recognised when the services are provided and goods are delivered to customers as this is the point in time that the consideration is unconditional because only passage of time is required before the payment is due. The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as advances from customers' in the consolidated statement of financial position.

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Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Rental income is recognised on a straight-line basis over the term of the rent agreement.

Scrap sales and miscellaneous receipts are recognised on realised amounts.

4.25 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares.

4.26 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market is accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The carrying values of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values.

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All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2025	2024		2025	2024
	Number			(Rupees in '000')	
	61,974,886	61,974,886	Ordinary shares of Rs.10 each issued for cash	619,749	619,749
	1,239,497	1,239,497	Ordinary shares of Rs.10 each issued as fully paid bonus shares	12,395	12,395
	63,214,383	63,214,383		632,144	632,144

5.1 The SIHL has only one class of ordinary shares which carries no right to fixed income. The shareholders are entitled to receive dividend as declared from time to time and are entitled to one vote per share at meetings of the SIHL. All shares rank equally with regard to the SIHL's residual assets.

5.2 7,585,725 ordinary shares representing 12% shareholding in the SIHL are owned by International Finance Corporation (IFC). IFC has the right to nominate one director at the board of directors of the SIHL as long as IFC holds ordinary shares representing 5% of total issued share capital of the SIHL. Further, the SIHL if intends to amend or repeal the memorandum and articles of association, affects the rights of IFC on its shares issuance of preference shares ranking senior to the equity securities held by IFC, incur any financial debt to any shareholder, change the nature of the business of the SIHL etc. shall seek consent of IFC.

5.3 The SIHL has no reserved shares for issuance under options and sales contracts.

5.4 Capital management

The Group's objectives when managing capital are to ensure the Group's ability not only to continue as a going concern but also to meet its requirements for expansion and enhancement of its business, maximise return of shareholders and optimise benefits for other stakeholders to maintain an optimal capital structure and to reduce the cost of capital. There were no changes to the Group's approach to capital management during the year.

	2025	2024
Equity (Rupees in '000')	14,930,019	12,511,026
Debt including lease liabilities (Rupees in '000')	1,808,028	1,705,258
Debt to equity ratio (Percentage)	11	12

In order to achieve the above objectives, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares through bonus or right issue or sell assets to reduce debts or raise debts, if required.

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6 SHARE PREMIUM

This comprises of share premium of Rs. 5, Rs. 250 and Rs. 229.29 per share received on issue of 8,000,000, 4,024,100 and 7,436,986 ordinary shares of Rs. 10 each in the years 1994, 2016 and 2020, respectively. Out of the above the SIHL, during the year ended June 30, 2022 has issued bonus shares at the rate of 2% (total 1,239,497 bonus shares having face value of Rs. 10 each) as approved in Annual General Meeting held on October 28, 2021. The balance reserve cannot be utilised except for the purposes mentioned in section 81 of the Companies Act, 2017.

		2025	2024
		(Rupees in '000')	
7	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
	Balance at beginning of the year	2,021,310	2,032,194
	Revaluation surplus during the year	506,447	20,321
	Transfer to non-controlling interest	(136,517)	(8,907)
	Realisation of revaluation surplus on disposal of assets	(14,517)	(4,284)
	Transferred to unappropriated profit in respect of incremental depreciation / amortisation charged during the year	(21,600)	(18,014)
	Balance at end of the year	2,355,123	2,021,310

- 7.1 Surplus on revaluation of property, plant and equipment in respect of leasehold and freehold land is not available for distribution of dividend to the shareholders of the Group in accordance with section 241 of the Companies Act, 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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8 NON - CONTROLLING INTEREST (NCI)

Following is the summarised financial information of SDSPL, SNH Faisalabad and SMC Islamabad:

NCI percentage	SDSPL				SNH Faisalabad				SMC Islamabad				Total
	45%		45%		40%		39%		44%		44%		
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	
(Rupees in '000')													
Summarised statement of financial position													
Current assets	24,354	37,675	259,111	125,419	99,596	327,811	383,061	490,905					
Non-current assets	3,302	4,599	3,705,582	2,883,782	3,112,640	2,798,103	6,821,524	5,686,484					
Current liabilities	53,767	66,325	15,258	93,356	4,217	11,502	73,242	171,183					
Non-current liabilities	-	-	11,357	31,189	-	-	11,357	31,189					
Net assets	(26,111)	(24,051)	3,938,078	2,884,656	3,208,019	3,114,412	7,119,986	5,975,017					
Accumulated NCI	(58,051)	(57,248)	1,590,788	1,148,104	1,434,329	1,380,035	2,967,066	2,470,891					
Summarised statement of comprehensive income													
Revenue-net	-	-	-	-	-	-	-	-					
Other income	115	5,514	28,831	26,309	3,514	26,101	32,460	57,924					
Loss for the year	(2,058)	(86,627)	(36,156)	(61)	(82,883)	(10,318)	(121,097)	(97,006)					
Other comprehensive income	-	-	148,740	-	176,491	20,321	325,231	20,321					
Total comprehensive income / (loss)	(2,058)	(86,627)	112,584	(61)	93,608	10,003	204,134	(76,685)					
Profit / (Loss) attributable to NCI	(926)	(38,982)	(2,098)	1,994	(23,061)	(2,274)	(26,085)	(39,262)					
Comprehensive income for the year attributable to NCI	-	-	59,161	-	77,356	8,907	136,517	8,907					
Total comprehensive income / (loss) for the year attributable to NCI	(926)	(38,982)	57,063	1,994	54,294	6,633	110,432	(30,355)					
Summarised statement of cash flows													
Cash flows from operating activities	(1,252)	(30,551)	(81,104)	(43,795)	125,816	(59,300)	43,460	(133,646)					
Cash flows from investing activities	-	16,590	(640,759)	38,876	(97,138)	56,297	(737,897)	111,763					
Cash flows from financing activities	-	(2,515)	940,838	-	-	-	940,838	(2,515)					
Net increase / (decrease) in cash and cash equivalents	(1,252)	(16,476)	218,975	(4,919)	28,678	(3,003)	246,401	(24,398)					

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		2025	2024
	Note	(Rupees in '000')	
9	LONG TERM FINANCING - SECURED		
	From banking companies and non-banking financial institutions		
Syndicated Islamic Finance Facility	9.1	-	142,857
Diminishing Musharakah Facility-1	9.2	105,964	78,250
Diminishing Musharakah Facility-2	9.3	-	83,333
Diminishing Musharakah Facility-3	9.4	433,043	577,390
Diminishing Musharakah Facility-4	9.5	475,986	-
Islamic Refinance Facility to Combat COVID -19 (IRFCC)	9.6	28,003	69,647
Deferred income - Government grant		861	5,341
		28,864	74,988
Islamic Refinance Facility to Combat COVID-19 (IRFCC)	9.7	13,249	22,245
Deferred income - Government grant		1,516	4,073
		14,765	26,318
Refinance Facility to Combat COVID-19 (RFCC)	9.8	45,339	78,486
Deferred income - Government grant		4,648	13,329
		49,987	91,815
		1,108,609	1,074,951
Less: current portion		255,190	495,195
		853,419	579,756

- 9.1 This represented the syndicated islamic finance facility, arranged and lead by Meezan Bank Limited, obtained on profit rate basis at 3 months KIBOR plus 0.85% per annum. The facility with sanctioned limit of Rs. 2,000 million has been fully repaid on August 22, 2024. The financing was secured by pari passu charge of Rs. 2,667 million on all present and future SIHL's movable fixed assets and land / building located at H-8/4, Islamabad. Meezan Bank Limited has the custody of original ownership documents of the SIHL's land located at H-8/4 Islamabad.

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FOR THE YEAR ENDED JUNE 30, 2025

- 9.2 This represents the outstanding balance of long term islamic finance facility obtained under Diminishing Musharakah basis from First Habib Modaraba of Rs. 161.90 million (2024: Rs. 119.10 million). Principal amount is repayable in 60 equal monthly instalments carrying profit rate at 3 months KIBOR plus 0.70% (2024: 3 months KIBOR plus 0.70%) per annum. The unavailed limit of this facility is nil (2024: nil). This also represented the long term islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited, obtained on profit rate basis at 3 months KIBOR plus 0.80% per annum. The facility with sanctioned limit of Rs. 470.20 million has been fully repaid on September 30, 2024. The financing was secured by first exclusive charge of Rs. 781.30 million against equipment / machinery.
- 9.3 This represented the long term islamic finance facility obtained from Meezan Bank Limited, carrying profit rate at 3 months KIBOR plus 0.85% per annum. The facility with sanctioned limit of Rs. 500 million has been fully repaid on October 01, 2024. The financing was secured by first pari passu charge of Rs. 667 million on all present and future fixed assets of the SIHL.
- 9.4 This represents the outstanding balance of long term islamic finance facility obtained from Bank Alfalah Limited of Rs. 577.40 million (2024: Rs. 577.40 million). Principal amount is repayable in 16 equal quarterly instalments carrying profit rate at 3 months KIBOR plus 0.70% (2024: 3 months KIBOR plus 0.70%) per annum. The financing is initially secured by a ranking charge of Rs. 800 million, which has been upgraded to a first exclusive charge on the plant and machinery being financed under the DM facility to be installed at the hospital located at H-8/4, Islamabad. The unavailed limit of this facility is nil (2024: nil).
- 9.5 This represents the outstanding balance of long term islamic finance facility obtained from Meezan Bank Limited of Rs. 475.90 million (2024: nil). Principal amount is repayable in 16 equal quarterly instalments carrying profit rate at 3 months KIBOR plus 0.50% per annum. The financing is secured by existing first pari passu charge of Rs. 800 million on all present and future fixed assets of the SIHL. The unavailed limit of this facility is Rs. 124.10 million (2024: nil).
- 9.6 This represents the outstanding balance of long term islamic finance facility obtained from Meezan Bank Limited of Rs. 200 million (2024: Rs. 200 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid by January 27, 2026 in 18 equal quarterly instalments with no profit rate. The financing is secured by first pari passu hypothecation charge of Rs. 267 million on all present and future fixed assets of the SIHL (excluding land and building). The unavailed limit of this facility is nil (2024: nil). Since the financing under SBP refinance scheme carries no profit rate, the loan has been recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
	(Rupees in '000')	
Balance at beginning of the year	5,341	13,313
Amortisation during the year	(4,480)	(7,972)
Balance at end of the year	861	5,341

- 9.7 This represents the outstanding balance of long term islamic finance facility obtained from Al Baraka Bank (Pakistan) Limited of Rs. 45.90 million (2024: Rs. 45.90 million) for the purpose of import / purchase of medical equipment / machinery to combat COVID-19 under State Bank of Pakistan IRFCC scheme. Principal amount shall be repaid in 9 equal half yearly instalments with profit rate of 1% per annum. The facility is secured by exclusive charge of Rs. 55 million over equipment / machinery against DM IRFCC. The unavailed limit of this facility is nil (2024: nil). Since the financing under SBP refinance scheme carries the profit rate below the market rate, the loan has been recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

	2025	2024
	(Rupees in '000')	
Balance at beginning of the year	4,073	7,447
Amortisation during the year	(2,557)	(3,374)
Balance at end of the year	1,516	4,073

- 9.8 This represents the outstanding balance of long term finance facility obtained from United Bank Limited of Rs. 185.20 million (2024: Rs. 185.20 million). Principal amount shall be repaid by September 14, 2026 in 18 equal quarterly instalments carrying profit at 1% per annum. The financing is secured by first pari passu charge of Rs. 267 million over fixed assets (excluding land and building) of the SIHL. The unavailed limit of this facility is nil (2024: nil). Since the financing under SBP refinance scheme carries the markup rate below the market rate, the loan has been recognised at present value using the SIHL's effective profit rate along with the recognition of government grant.

	2025	2024
	(Rupees in '000')	
Balance at beginning of the year	13,329	27,830
Amortisation during the year	(8,681)	(14,501)
Balance at end of the year	4,648	13,329

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
10	DEFERRED LIABILITIES		
	Deferred taxation	244,422	354,960
	Defined contribution plan	44,846	34,434
		289,268	389,394
10.1	Deferred taxation		
	Deferred tax liability	530,575	604,045
	Deferred tax asset	(286,153)	(249,085)
	Net deferred tax liability	244,422	354,960
10.1.1	Deferred tax liability on taxable temporary differences:		
	Accelerated depreciation / amortisation allowance	530,575	604,045
10.1.2	Deferred tax asset on deductible temporary differences:		
	Right of use assets net of lease liabilities	(57,984)	(66,580)
	Specific provisions	(188,105)	(130,739)
	Retirement benefit obligation	(40,064)	(51,766)
		(286,153)	(249,085)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

10.1.3 Breakup and movement of deferred tax balances is as follows:

Deferred tax liabilities / (assets)	Opening balance	Statement of profit or loss	Other comprehensive income	Closing balance
(Rupees in '000')				
2025				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	604,045	(73,470)	-	530,575
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(66,580)	8,596	-	(57,984)
Specific provisions	(130,739)	(57,366)	-	(188,105)
Retirement benefit obligation	(51,766)	44,193	(32,491)	(40,064)
	354,960	(78,047)	(32,491)	244,422
2024				
Effect of taxable temporary differences				
Accelerated depreciation / amortisation allowance	643,508	(39,463)	-	604,045
Effect of deductible temporary differences				
Right of use assets net of lease liabilities	(59,683)	(6,897)	-	(66,580)
Specific provisions	(119,119)	(11,620)	-	(130,739)
Retirement benefit obligation	(66,133)	62,972	(48,605)	(51,766)
	398,573	4,992	(48,605)	354,960

10.1.4 Deferred tax assets and liabilities on temporary differences are measured at the rate of 39% (2024: 39%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
11	LEASE LIABILITIES		
Balance at beginning of the year		630,307	466,987
Additions during the year		207,615	291,807
Interest expense during the year	32	102,801	72,436
Termination during the year		(5,223)	(399)
Payment during the year		(236,081)	(200,524)
Balance at end of the year	11.1	699,419	630,307
Less: current portion		192,895	146,911
		506,524	483,396

11.1 Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
	(Rupees in '000')		
2025			
Less than one year	242,874	49,979	192,895
Between one and five years	528,383	142,038	386,345
More than five years	218,502	98,323	120,179
	989,759	290,340	699,419
2024			
Less than one year	173,932	27,021	146,911
Between one and five years	540,635	188,183	352,452
More than five years	250,177	119,233	130,944
	964,744	334,437	630,307

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
11.2	Amounts recognised in the consolidated statement of profit or loss		
	Interest expense on lease liabilities	32	102,801
	Expense relating to short term / low value lease	31	26,218
		129,019	88,836
12	TRADE AND OTHER PAYABLES		
	Creditors	12.1	2,469,714
	Accrued liabilities		752,488
	Advances from customers - contract liability	12.2	422,014
	Medical consultants' charges		726,226
	Security deposits	12.3	144,573
	Compensated absences	12.4	223,374
	Defined contribution plan		31,027
	Retention money		22,994
	Shifa International Hospitals Limited (SIHL)		
	Employees' Gratuity Fund Trust (the Fund)	12.5	102,728
		4,895,138	4,168,270
12.1	This includes payables to related parties (unsecured) as detailed below:		
	Tameer-e-Millat Foundation (TMF)		4,186
	Shifa Tameer-e-Millat University (STMU)		42,798
		46,984	38,851
12.2	Advances from customers - contract liability		
	Balance at beginning of the year		384,383
	Revenue recognised during the year		(71,099)
	Advance refund during the year		(64,797)
	Advance received during the year		173,527
	Balance at end of the year		422,014
12.3	This includes security deposits retained from employees of Rs. 54.44 million (2024: Rs. 47.53 million) held in separate bank account and balances obtained from customers of Rs. 90.14 million (2024: Rs. 84.92 million) that are utilisable for the purpose of the business in accordance with agreements with customers.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
		(Rupees in '000')	
	Note		
12.4	Compensated absences		
	Balance at beginning of the year	175,903	145,524
	Provision made for the year	136,518	103,063
		312,421	248,587
	Payments made during the year	(89,047)	(72,684)
	Balance at end of the year 12.4.1	223,374	175,903
12.4.1	Actuarial valuation of compensated absences has not been carried out since SIHL management believes that the effect of actuarial valuation would not be material.		
		2025	2024
		(Rupees in '000')	
	Note		
12.5	The amounts recognised in the consolidated statement of financial position:		
	Present value of defined benefit obligation 12.5.1	769,150	556,506
	Fair value of plan assets 12.5.2	(666,422)	(423,772)
		102,728	132,734
12.5.1	Movement in the present value of defined benefit obligation:		
	Balance at beginning of the year	556,506	387,539
	Interest cost	77,364	56,442
	Current service cost	98,635	72,974
	Benefits paid	(60,107)	(78,839)
	Benefits payable	(3,895)	(2,635)
	Remeasurement loss on defined benefit obligation	100,647	121,025
	Balance at end of the year	769,150	556,506
12.5.2	Movement in the fair value of plan assets:		
	Balance at beginning of the year	423,772	217,966
	Interest income on plan assets	73,956	48,772
	Contributions	215,360	242,112
	Benefits paid	(60,107)	(78,839)
	Benefits payable	(3,895)	(2,635)
	Return on plan assets, excluding interest income	17,336	(3,604)
	Balance at end of the year	666,422	423,772

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
12.5.3	Charge for the year:		
	Current service cost	98,635	72,974
	Interest cost on defined benefit obligation	77,364	56,442
	Interest income on plan assets	(73,956)	(48,772)
		102,043	80,644
12.5.4	Remeasurement recognised in consolidated statement of other comprehensive income (OCI):		
	Remeasurement loss on defined benefit obligation	100,647	121,025
	Return on plan assets, excluding interest income	(17,336)	3,604
	Remeasurement loss recognised in OCI	83,311	124,629
	Deferred tax relating to remeasurement of staff gratuity fund benefit plan	(32,491)	(48,605)
		50,820	76,024
12.5.5	Movement in liability recognised in consolidated statement of financial position:		
	Balance at beginning of the year	132,734	169,573
	Charge for the year	102,043	80,644
	Remeasurement recognised in OCI during the year	83,311	124,629
	Contributions during the year	(215,360)	(242,112)
	Balance at end of the year	102,728	132,734
12.5.6	Plan assets comprise of:		
	Term deposit receipts	559,671	306,190
	Ordinary shares of SIHL	37,279	11,503
	Cash and bank balances	89,616	122,328
	Payable to outgoing members	(20,144)	(16,249)
		666,422	423,772
12.5.6.1	Number of ordinary shares of SIHL held by the Fund at year end were 78,461 shares (2024: 78,461 shares) with market value of Rs. 475.13 (2024: Rs. 146.61) per share.		
12.5.7	Latest actuarial valuation was carried out by an independent actuary on June 30, 2025 using the Projected Unit Credit Method.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024
12.5.8 Principal actuarial assumptions used in the actuarial valuation:		
Discount rate used for interest cost in profit or loss	14.75%	16.25%
Discount rate used for year end obligation	11.75%	14.75%
Expected rate of salary growth		
- Salary increase FY 2025	N/A	13.75%
- Salary increase FY 2026 onward	11.75%	13.75%
Mortality rate	SLIC 2001-2005 set back 1 year	SLIC 2001-2005 set back 1 year
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

12.5.9 Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to assumptions set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased / decreased as a result of a change in respective assumptions by one percent.

	2025		2024	
	Defined benefit obligation		Defined benefit obligation	
	Effect of 1% increase	Effect of 1% decrease	Effect of 1% increase	Effect of 1% decrease
(Rupees in '000')				
Discount rate	714,039	833,098	519,684	598,872
Future salary increase	832,486	713,577	598,872	519,075

12.5.10 The average duration of the defined benefit obligation as at June 30, 2025 is 8 years (2024: 7 years).

12.5.11 The expected expenses for the next year amounting to Rs. 141.06 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

12.5.12 Risks associated with the scheme

Final salary risk

The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

Demographic risks

a) Mortality risk

The risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

b) Withdrawal risk

The risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

c) Investment risk

The risk of the investment under performing and being not sufficient to meet the liabilities.

		2025	2024
	Note	(Rupees in '000')	
13	MARKUP ACCRUED		
	Long term financing	7,974	23,858
14	TAXATION - NET		
	Tax refund at beginning of the year	(258,787)	(320,936)
	Income tax paid / deducted at source during the year	(1,591,071)	(866,606)
		(1,849,858)	(1,187,542)
	Income tax expense / levies 33	1,912,691	928,755
	Tax payable / (refund) at end of the year	62,833	(258,787)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

15.1.1 The guarantees issued by bank in favour of Sui Northern Gas Pipelines Limited (SNGPL) and Imtiaz Group (SMC-Private) Limited of aggregate sum of Rs. 36.60 million (2024: Rs. 33.10 million) on behalf of the SIHL in its ordinary course of business. Additionally, a bank guarantee amounting to Rs. 44.50 million (2024: nil) has been issued in favour of the Capital Development Authority (CDA) to secure obligations under the ICT Building Control Regulations - 2020 (Amended 2023) on behalf of SMC Islamabad. Further, a letter of guarantee amounted to Rs. 78.30 million issued in favor of CDA by insurance company on behalf of the SMC Islamabad to cover its obligations under the Islamabad Capital Territory (ICT) Building Control Regulations - 2020 (Amended 2023). This guarantee stands expired during the current year.

15.1.2 The SIHL is facing claims and penalties amounting to Rs. 5.9 million (2024: Rs. 22.25 million). Against these claims the SIHL has made payments under protest amounting to Rs. 2.4 million (2024: Rs. 1.4 million). In compliance with the directions of the Islamabad High Court (IHC), the SIHL has furnished a bank guarantee for Rs. 0.5 million (2024: Rs. 1.5 million) and, submitted a pay order of Rs. 2 million to the IHC. These claims and penalties originated from ongoing legal proceedings and complaints currently under litigation before the Islamabad, Peshawar and Lahore High Courts and the Supreme Court of Pakistan.

Furthermore, on June 06, 2012, the Competition Commission of Pakistan (CCP) imposed a penalty of Rs. 20 million against each Gulf Cooperation Council's (GCC) Approved Medical Center (GAMC), including the SIHL, on the allegations of engaging in non-competitive practices involving territorial division and equal allocation of customers among GAMCs. The SIHL, in conjunction with other GAMCs, is actively contesting this matter which is presently pending adjudication before the Competition Appellate Tribunal (CAT) and the Supreme Court of Pakistan.

Subsequently, the CAT has adjudicated the matter and through order dated August 11, 2025, reduced the penalty from Rs. 20 million to Rs. 2 million. The SIHL, in conjunction with other GAMCs, will contest the order of the CAT by preferring an appeal before the Supreme Court of Pakistan.

Following the CAT's order, the CCP, without serving any notice to the SIHL and in deviation from the procedure prescribed under the Competition Act, 2010, initiated coercive recovery proceedings. On August 12, 2025, the CCP proceeded to attach the SIHL's accounts and recovered an aggregate amount of Rs. 4.01 million, i.e., twice the penalty determined by the CAT. Consequently, the SIHL is in the process of filing a Writ Petition before the IHC seeking, inter alia, a declaration that the recovery is illegal and the refund of the unlawfully recovered amount of Rs. 4.01 million.

The SIHL's management, based on advice from respective legal counsels, remains confident of favourable resolutions in the aforementioned matters.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

15.1.3 During the year the SIHL has received a demand notice from the Capital Development Authority (CDA) regarding the payment of regularisation charges. As per the notice dated March 21, 2025, CDA has demanded payment of Rs. 790.76 million as regularisation charges, out of which Rs. 384.92 million has already been paid by the SIHL. The balance amount of Rs. 405.84 million is being contested vehemently as the same is beyond the scope of legal charges / rates invoked at the time of demand. The SIHL intends to pursue rigorously and avail all appropriate legal remedy before competent forum. The SIHL has also expressed its protest in clear terms to the CDA against said excessive demand. No provision has been made in these consolidated financial statements as the SIHL's management as per advice of the legal counsel, is confident that a favorable outcome will be achieved.

15.1.4 Contingencies related to income tax and sales tax are as follows:

15.1.4.1 The tax authorities amended the assessments for the tax years 2012 to 2016, 2019, 2021 and 2023 under section 122(5A) of the Income Tax Ordinance, 2001 (the Ordinance). They raised total tax demands of Rs. 648.70 million against these years. The SIHL, being aggrieved, appealed these amended assessments before the Commissioner Inland Revenue (Appeals) [CIR(A)] or the Appellate Tribunal Inland Revenue [ATIR], as applicable, on various dates from September 2018 to February 2025. These appeals are currently pending adjudication.

15.1.4.2 The tax authorities imposed taxes of Rs. 109.60 million, Rs. 178.40 million, Rs. 27.40 million, and Rs. 29.20 million under section 161/205 of the Ordinance for the tax years 2016, 2014, 2013, and 2012 respectively, based on alleged non-deduction of tax on payments. The SIHL, being aggrieved, appealed these assessments before the CIR(A). Regarding the tax year 2012, the CIR(A) deleted the assessment, while for the tax years 2013 and 2016, the assessment was set aside, and for the tax year 2014, the assessment was confirmed. The SIHL, still aggrieved, filed appeals for the tax years 2013, 2014, and 2016 before the ATIR. The appeals for the tax years 2013 and 2016 were filed on November 26, 2019 and June 06, 2023 respectively, and they are currently pending adjudication. Additionally, the ATIR has set aside the assessment for the tax year 2014 for denovo consideration.

15.1.4.3 The tax authorities amended the assessments for the tax years 2012 to 2018 under section 122(1)/(5) of the Ordinance. They raised an aggregate tax demand of Rs. 2,537.10 million. Being aggrieved, the SIHL appealed these assessments before the CIR(A) except tax year 2018. The CIR(A) annulled all the assessment orders from October 15, 2018 to October 23, 2018, resulting in the deletion of the tax demands. Dissatisfied with the CIR(A)'s decision, the tax department filed an appeal before the ATIR from November 15, 2018 to November 27, 2019. These appeals are currently pending adjudication. For the tax year 2018, the SIHL appealed the assessment before the ATIR on July 24, 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

15.1.4.4 The tax authorities imposed sales tax under section 11 of the Sales Tax Act, 1990, on the alleged non-payment of sales tax on sales of scrap, fixed assets, and cafeteria services for the tax years 2016 to 2020, raising total tax demands of Rs. 225.20 million for these years. Upon appeal, the ATIR through orders from February 16, 2021 to July 30, 2024 deleted the sales tax charged on cafeteria services and fixed assets but confirmed the sales tax on scrap. Furthermore, for the tax years 2016 and 2020, the department has filed sales tax references before the High Court, which are currently pending adjudication.

15.1.4.5 In the case of amalgamated entity, SNS Islamabad, the tax authorities amended the assessment for tax year 2021 under section 122(5A) of the Ordinance, through an order dated August 31, 2022, creating a demand of Rs. 8.50 million by disallowing a refund adjustment from tax year 2020. The CIR(A) annulled the order on February 10, 2023. However, a fresh notice for reassessment was issued on May 27, 2025, and a revised order was passed on the same grounds, alleging the refund of Rs. 8.50 million as unverified. Being aggrieved SIHL filed an appeal before CIR(A) on July 24, 2025 which is pending adjudication.

Management is confident that the above disallowances and levies do not hold merit and the related amounts have been lawfully claimed in the income and sales tax returns as per the applicable tax laws and these matters will ultimately be decided in favour of the SIHL. Accordingly, no provision has been made in respect of above in these consolidated financial statements.

		2025	2024
		(Rupees in '000')	
15.2	Commitments		
15.2.1	Capital expenditure contracted	160,117	294,233
15.2.2	Letters of credit	-	521,187

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

16 PROPERTY, PLANT AND EQUIPMENT

Particulars	Owned assets												Right of use assets		Total	
	Freehold land	Leasehold land	Building on freehold land	Building on leasehold land	Leasehold Improvements	Biomedical equipment	Air conditioning equipment and machinery	Electrical and other equipment	Furniture and fittings	Construction equipment	Computer installations	Vehicles	Capital work in progress (note 16.8)	Office premises		Electrical equipment
(Rupees in '000')																
Cost / revalued amount																
Balance as at July 01, 2023	1,032,257	3,597,281	58,898	3,364,188	397,281	5,190,647	568,275	932,194	264,201	3,163	700,240	177,666	3,721,132	856,020	57,000	20,920,443
Additions	-	-	-	-	-	252,903	3,623	68,275	16,945	607	161,601	66,369	104,827	293,287	-	968,337
Revaluation	-	20,321	-	-	-	-	-	-	-	-	-	-	-	-	-	20,321
Disposals	-	-	-	-	-	-	-	-	-	-	(5,674)	(15,853)	-	-	-	(21,527)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(324)	-	(324)
Write offs	-	-	-	-	-	(58,243)	(2,048)	(10,025)	(456)	(122)	(5,260)	-	-	-	-	(76,154)
Impairment	-	-	-	-	-	-	-	(621)	(3,102)	-	(314)	-	-	-	-	(4,037)
Transfers	-	-	-	41,844	120,026	125,162	-	-	-	-	58,887	-	(345,919)	-	-	-
Balance as at June 30, 2024	1,032,257	3,617,602	58,898	3,406,032	517,307	5,510,469	569,850	989,823	277,488	3,648	909,480	228,182	3,480,040	1,148,983	57,000	21,807,060
Balance as at July 01, 2024	1,032,257	3,617,602	58,898	3,406,032	517,307	5,510,469	569,850	989,823	277,488	3,648	909,480	228,182	3,480,040	1,148,983	57,000	21,807,060
Additions	-	-	-	-	-	308,008	11,847	29,067	8,698	-	59,459	87,058	1,077,210	210,241	-	1,791,588
Revaluation	168,084	338,363	-	-	-	-	-	-	-	-	-	-	-	-	-	506,447
Disposals	-	-	-	-	-	-	-	-	-	-	(1,942)	(13,980)	-	-	-	(15,922)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,109)	-	(10,109)
Write offs	-	-	-	-	-	(239,714)	(19,937)	(96,522)	(39,086)	(862)	(80,720)	-	(60,443)	-	-	(537,284)
Transfers	-	-	-	206,393	(180,121)	359,037	-	-	-	-	6,529	-	(391,838)	-	-	-
Balance as at June 30, 2025	1,200,341	3,955,965	58,898	3,612,425	337,186	5,937,800	561,760	922,368	247,100	2,786	892,806	301,260	4,104,969	1,349,115	57,000	23,541,780
Depreciation / amortisation																
Balance as at July 01, 2023	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	232,815	9,816	1,063,536	96,983	3,053,967	403,146	664,796	178,485	2,443	571,581	117,865	-	480,535	57,000	6,932,968
On disposals	-	47,544	2,945	110,318	86,488	405,567	54,266	98,228	17,680	333	85,625	25,144	-	159,375	-	1,093,513
Termination of lease	-	-	-	-	-	-	-	-	-	-	(2,856)	(7,812)	-	-	-	(10,668)
On write offs	-	-	-	-	-	(52,427)	(2,048)	(8,800)	(395)	(122)	(5,194)	-	-	(25)	-	(25)
Balance as at June 30, 2024	-	280,359	12,761	1,173,854	183,471	3,407,107	455,364	754,224	195,770	2,654	649,156	135,197	-	639,885	57,000	7,946,802
Balance as at July 01, 2024	-	280,359	12,761	1,173,854	183,471	3,407,107	455,364	754,224	195,770	2,654	649,156	135,197	-	639,885	57,000	7,946,802
Charge for the year	-	47,454	2,945	122,583	79,223	412,206	42,064	61,253	15,916	279	101,462	33,714	-	164,553	-	1,083,652
On disposals	-	-	-	-	-	-	-	-	-	-	(1,828)	(11,277)	-	-	-	(13,105)
Termination of lease	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,065)	-	(6,065)
On write offs	-	-	-	-	-	(26,341)	(19,914)	(96,092)	(37,772)	(802)	(80,654)	-	-	-	-	(461,575)
Balance as at June 30, 2025	-	327,813	15,706	1,296,437	262,694	3,592,972	477,514	719,385	173,914	2,131	668,136	157,634	-	798,373	57,000	8,549,709
Carrying value as at June 30, 2024	1,032,257	3,337,243	46,137	2,232,178	333,836	2,103,362	114,486	235,599	81,718	994	260,324	92,985	3,480,040	509,098	-	13,860,258
Carrying value as at June 30, 2025	1,200,341	3,628,152	43,912	2,315,988	74,492	2,344,828	84,246	202,983	73,186	655	224,670	143,626	4,104,969	550,742	-	14,992,071
Annual rate of depreciation %	-	1.37	5	2.5-40	20	10	10-15	10-20	10	10-20	25	20	-	5.85-33	33.33	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

16.1 The Group's leasehold and freehold lands were revalued as at June 30, 2025, by an independent valuer on a fair market value basis.

16.2 Had there been no revaluation the carrying value would have been as under:

	Cost	Accumulated amortisation	Carrying value
	(Rupees in '000')		
Freehold land			
June 30, 2025	658,928	-	658,928
June 30, 2024	658,928	-	658,928
Leasehold land			
June 30, 2025	1,621,716	215,258	1,406,458
June 30, 2024	1,621,716	190,700	1,431,016

16.3 Particulars of Group's freehold and leasehold land are as follows:

		2025	2024
Location	Nature	Area	
Shifa Cooperative Housing Society, Islamabad Expressway - Sq. yds	Freehold land	1003	1003
SNHF Hospital, Sheikhpura Road, Faisalabad - Kanal	Freehold land	49.6	49.6
SMCI Hospital, F-11, Islamabad - Kanal	Leasehold land	6.7	6.7
SIHL H-8/4, Islamabad* - Kanal	Leasehold land	87.8	87.8
Neuro Sciences Institute, H-8/4, Islamabad* - Sq. yds	Leasehold land	7100	7100

*The covered area includes multi-storey buildings.

16.4 Property, plant and equipment include items with aggregate cost of Rs. 3,541.89 million (2024: Rs. 3,200.02 million) representing fully depreciated assets that are still in use of the Group.

16.5 Property, plant and equipment of the SIHL are encumbered under an aggregate charge of Rs. 7,665.59 million (2024: Rs. 8,116.83 million) in favour of banking companies under various financing arrangements as disclosed in note 9.

16.6 The Forced Sale Value (FSV) of the revalued leasehold and freehold land has been assessed at Rs. 2,902.60 million (2024: Rs. 2,739.98 million) and Rs. 963.27 million (2024: Rs. 825.81 million) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 16.7 Immediately after acquisition, the sale deed for the land and building of the SNS Islamabad was duly registered with the sub-registrar in Islamabad, in accordance with the provisions outlined in the allotment letter / indenture of lease deed. Subsequently, the SNS Islamabad initiated formal proceedings with the Capital Development Authority (CDA) to effectuate the change of title through the registered sale deed. However, the CDA raised objections to the transfer, leading to the initiation of a legal suit by CDA. The aforementioned suit was dismissed by the relevant learned district judge on January 29, 2024. The CDA have filed appeal against the judgment and Decree of the District Judge before the honourable Islamabad High Court and the SNS Islamabad has filed cross objections against the said appeal. The matter is currently pending adjudication before the Islamabad High Court and there are reasonable grounds to believe that the case will be decided in favour of the SNS Islamabad. After merger (as explained in note 1.1), the parent company as successor will be impleaded, in the place of the SNS Islamabad, in the pending civil appeal led by the CDA before the honourable Islamabad High Court against the order of dismissal of earlier suit led by CDA wherein objections were raised on the transfer of said property in the name of SNS Islamabad via registered sale deed.

		2025	2024
	Note	(Rupees in '000')	
16.8	Capital work in progress		
	Civil work	3,853,250	3,387,165
	Installation of equipment	251,719	92,875
		4,104,969	3,480,040

16.8.1 Civil work

This represents the cost of civil work mainly comprising of cost of materials, payments to contractors and pre construction activities cost etc. as detailed below:

	2025	2024
	(Rupees in '000')	
SMC Islamabad Hospital	1,375,763	1,291,867
SNH Faisalabad Hospital	2,252,863	1,839,590
Others	224,624	255,708
	3,853,250	3,387,165

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

			2025	2024
	Note		(Rupees in '000')	
17	INTANGIBLE ASSETS			
	Softwares in use	17.1	36,914	-
	Software under development / deployment	17.2	5,787	39,375
			42,701	39,375
17.1	Softwares in use			
	Cost			
	Balance at beginning of the year		106,468	106,882
	Addition during the year		39,375	-
	Impairment loss during the year		-	(414)
	Balance at end of the year		145,843	106,468
	Accumulated amortisation			
	Balance at beginning of the year		106,468	106,222
	Charged during the year		2,461	246
	Balance at end of the year		108,929	106,468
	Carrying value		36,914	-
17.2	Software under development / deployment			
	Balance at beginning of the year		39,375	39,375
	Addition during the year	17.2.1	5,787	-
	Capitalised during the year		(39,375)	-
	Balance at end of the year		5,787	39,375
	Annual amortisation rate (percentage)		25	25

17.2.1 This represents advance paid for implementation of Oracle Fusion software.

			2025	2024
	Note		(Rupees in '000')	
18	INVESTMENT PROPERTY - AT COST			
	Balance at beginning of the year		720,292	748,450
	Disposed off during the year		(95,420)	(28,158)
	Balance at end of the year	18.1	624,872	720,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 18.1 This represents freehold land comprising of 11 plots at Shifa Cooperative Housing Society, Islamabad Expressway (SCHS), 48K-3M-182 Sq ft at Chak No. 4, near Sargodha Road, Faisalabad of which 20K-14M-181 Sq ft are subject to possession proceedings and 105.02 kanal at Motorway, Mouza Noon, Islamabad. An independent valuation was conducted to determine the fair value of the investment property. The prices were assessed through a market survey of comparable properties in the vicinity. The fair value was based on the independent valuer's professional judgment, using openly available information and inquiries made in the market. Valuation was carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The fair value and forced sale value of the land located at SCHS, Sargodha Road Faisalabad and Motorway, Mouza Noon, Islamabad are Rs. 430 million, Rs. 146.24 million, Rs. 315.06 million (2024: Rs. 360.12 million, Rs.136.89 million, Rs. 425.02 million) and Rs. 365.50 million, Rs. 116.99 million, Rs. 252.05 million (2024: Rs. 288.09 million, Rs. 109.51 million, Rs. 340.02 million) respectively.

During the previous year, the SIHL was informed by its former property dealer about the sale of 49 kanal of land located at Mouza Noon, Islamabad; however, the SIHL was provided with the sale proceeds of only 10.83 kanal. Further, in coordination with land revenue authorities based on the SIHL's verification of land title against official record through an independent source, the authorities, in their latest assessment to date, have confirmed the SIHL's ownership of 105.02 kanal, of which 6.5 kanal remain under review. Accordingly, the sales proceeds of 36.7 kanal land were recorded in other receivables. The matter is being pursued, and the final outcome of the assessment will form the basis for determining the appropriate course of action.

		2025	2024
Note		(Rupees in '000')	
19	LONG TERM INVESTMENTS		
	Associated Companies (unquoted)		
	Shifa CARE (Private) Limited (SCPL)	19.1	-
	SIHT (Private) Limited (SIHT)	19.2	424,045
		740,157	424,045
19.1	Shifa CARE (Private) Limited (SCPL)		
	Balance at beginning of the year	-	45,079
	Impairment loss on investment	-	(41,528)
	Share in (loss) / profit for the year	-	(3,551)
	Balance at end of the year	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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This represents investment in 4,500,050 (2024: 4,500,050) fully paid ordinary shares of Rs. 10 each of SCPL. The above investment in ordinary shares represents 50% (2024: 50%) shareholding in SCPL held by the SIHL. The share of loss in SCPL for the year amounting to Rs. 3.44 million is not recognised as the carrying amount of investment has been reduced to zero due to recognition of impairment loss during the last year.

Summary of results of SCPL are as under:

	2025	2024
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	-	-
Current assets	2,609	2,921
Current liabilities	(7,997)	(1,437)
Net assets	(5,388)	1,484
Reconciliation to carrying amount		
Opening net assets	1,484	90,157
Total comprehensive loss for the year	(6,872)	(88,673)
Closing net assets	(5,388)	1,484
Group's share in carrying value of net assets	(2,694)	742
Group's share in total comprehensive loss	(3,436)	(44,336)
Summarised statement of profit or loss and comprehensive income		
Revenue for the year - gross	-	-
Depreciation and amortisation	(174)	(4,008)
Finance costs	-	(256)
Provision for taxation	-	-
Loss for the year	(6,872)	(88,673)
Total comprehensive loss for the year	(6,872)	(88,673)

19.1.1 The above information is based on management financial statements of SCPL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
		(Rupees in '000')	
19.2	SIHT (Private) Limited (SIHT)		
	Balance at beginning of the year	424,045	-
	Investment made during the year	300,000	425,000
	Share in profit / (loss) for the year	16,112	(955)
	Balance at end of the year	740,157	424,045

19.2.1 In line with the decision of board of directors of the SIHL in its meeting held on April 12, 2023, and on September 23, 2023, the SIHL entered into a tripartite Shares Purchase Agreement (SPA) with Shifa Foundation and its wholly owned subsidiary SIHT (Private) Limited (SIHT) for acquiring 50% shareholding in SIHT from Shifa Foundation.

The SPA provides that the paid up share capital of SIHT shall be increased from Rs. 100.10 million to Rs. 500.10 million representing 5,001,000 ordinary shares of Rs. 100 each over the arrangement period. The SPA further provides that the referred acquisition of equity interest in SIHT to be made in 9 quarterly instalments shall be completed by September 30, 2025. Accordingly, by the end of the current year a sum of Rs. 300 million (2024: Rs. 425 million) has been paid to Shifa Foundation to acquire further 937,680 shares (2024: 1,328,397 shares).

At year end the SIHL has investment in 2,266,077 (2024: 1,328,397) fully paid ordinary shares of Rs. 100 each of SIHT representing 45.30% (2024: 29.50%) shareholding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Summary of results of SIHT are as under:

	2025	2024
	(Rupees in '000')	
Summarised statement of financial position		
Non-current assets	181,806	179,734
Current assets	415,707	285,698
Non-current liabilities	(88,558)	(100,482)
Current liabilities	(165,714)	(120,376)
Net assets	343,241	244,574
Reconciliation to carrying amount		
Opening net assets	244,574	(84,443)
Total comprehensive income / (loss) for the year	48,668	(20,983)
Equity	50,000	350,000
Closing net assets	343,242	244,574
Group's share in carrying value of net assets	72,941	42,073
Group's share in total comprehensive income / (loss)	16,112	(955)
Summarised statement of profit or loss and comprehensive income		
Revenue for the year - gross	717,519	597,996
Depreciation and amortisation	(39,814)	(45,827)
Finance costs	(13,182)	(17,398)
Provision for taxation	(15,646)	(10,065)
Profit / (loss) for the year	48,668	(20,983)
Total comprehensive income / (loss) for the year	48,668	(20,983)

19.2.2 The above information is based on initialled financial statements of SIHT.

20 LONG TERM ADVANCES TO SUPPLIERS AND CONTRACTORS

This represents advance paid to suppliers and contractors for the services and procurement of capital nature items for the construction of the hospital in Islamabad and Faisalabad.

21 LONG TERM DEPOSITS

This represents security deposits given to various institutions / persons and are refundable on termination of relevant services / arrangements. These are unsecured and considered good.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
		(Rupees in '000')	
	Note		
22	STORES, SPARE PARTS AND LOOSE TOOLS		
Stores		229,584	252,158
Spare parts		13,710	7,806
Loose tools		1,303	1,380
		244,597	261,344
Less: provision for slow moving items	22.1	20,436	17,765
		224,161	243,579
22.1	Movement of provision for slow moving items		
Balance at beginning of the year		17,765	19,657
Charged / (reversal) during the year		2,671	(1,892)
Balance at end of the year		20,436	17,765
23	STOCK IN TRADE		
This represents medicines being carried at moving average cost.			
		2025	2024
		(Rupees in '000')	
	Note		
24	TRADE DEBTS		
Unsecured - considered good			
Related party - Shifa Foundation	24.1	14,422	7,137
Others		1,742,710	1,581,998
		1,757,132	1,589,135
Less: allowance for expected credit losses (ECL)	43.1.3	295,676	242,946
		1,461,456	1,346,189
24.1	Maximum amount due from Shifa Foundation at the end of any month during the year was Rs. 24.58 million (2024: Rs. 15.80 million).		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
25	LOANS AND ADVANCES		
Secured - considered good			
Executives		12,281	10,641
Other employees		16,420	23,239
	25.1	28,701	33,880
Unsecured - consultants		7,123	13,870
Advance paid for acquisition of shares	25.2	304,010	-
Unsecured - suppliers / contractors		112,090	406,745
		423,223	420,615
		451,924	454,495

25.1 These advances are secured against employee terminal benefits.

25.2 This represents the first instalment paid by SIHL to Interloop Holdings (Private) Limited (ILHPL) under a tripartite Share Purchase Agreement (SPA) dated July 10, 2025 for the acquisition of 96,572,500 shares (40% equity interest) in SMC Islamabad, with total consideration of Rs. 1,520.05 million payable in 5 quarterly instalments.

The above arrangement was approved by shareholders of SIHL in the Extraordinary General Meeting held on June 5, 2025.

		2025	2024
	Note	(Rupees in '000')	
26	DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Unsecured - considered good			
Short term prepayments		60,329	51,511
Other receivables	26.1	322,796	205,342
		383,125	256,853
Less: allowance for expected credit losses against other receivables	26.2	169,680	81,394
		213,445	175,459

26.1 This includes Rs. 59.90 million (2024: Rs. 30.33 million) due from SIHT (Private) Limited. Maximum amount due from SIHT (Private) Limited at the end of any month during the year was Rs. 148.88 million (2024: Rs. 133.80 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
26.2	Allowance for expected credit losses against other receivables (unrelated parties)		
	Balance at beginning of the year	81,394	58,377
	Charged during the year	88,286	23,017
	Balance at end of the year	169,680	81,394
27	OTHER FINANCIAL ASSETS		
	Investment - at amortised cost	27.1	47,520
	Investment in Mutual Funds - at fair value through profit or loss	27.2	1,027,993
		1,075,513	484,991

27.1 This represents term deposit receipt (TDR) having face value of Rs. 3 million (2024: Rs. 3 million) with three months maturity and Rs. 44.50 million with one month maturity (2024: nil). Profit payable on monthly basis at the weighted average rate of 11.17% and 5.50% per annum respectively (2024: 18.98% per annum).

27.2 This represents investment in 2,175,860 (2024: 1,973,327), 76,983,043 (2024: nil), 227,898 (2024: 266,892), 10,467 (2024: nil) and 6,003 (2024: 307,880) units of UBL Al-Ameen Islamic Cash Fund, NBP Islamic Money Market Fund, HBL Cash Fund and HBL Money Market Fund respectively. Fair value of investments was determined using quoted repurchase price at year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
28 CASH AND BANK BALANCES			
Cash at bank in:			
Current accounts:			
Local currency		820,414	403,709
Foreign currency		365,160	913,410
		1,185,574	1,317,119
Saving accounts:			
Local currency		2,561,048	813,619
Foreign currency		284	278
	28.1	2,561,332	813,897
	28.2	3,746,906	2,131,016
Cash in hand		14,714	26,187
		3,761,620	2,157,203

28.1 Balance with saving account earned profit / markup at weighted average rate of 13.43% per annum (2024: 16.52% per annum).

28.2 Balances with banks include Rs. 144.58 million (2024: Rs. 132.45 million) in respect of security deposits (note 12.3).

		2025	2024
	Note	(Rupees in '000')	
29 REVENUE - NET			
Inpatients		17,581,470	14,796,234
Outpatients		9,780,501	8,194,000
Other services	29.1	810,716	761,822
		28,172,687	23,752,056
Less: discount		112,414	116,591
Less: sales tax		92,612	81,887
		205,026	198,478
		27,967,661	23,553,578

29.1 This represents revenue from external pharmacy outlets, cafeteria sales, operating leases to related parties / other parties.

29.2 The revenue-net is excluding physician share of Rs. 2,910.43 million (2024: Rs. 1,930.07 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
30	OTHER INCOME		
	Income from financial assets:		
	Profit on bank deposits	188,369	67,878
	Dividend income from mutual fund - investment at fair value through profit or loss	30,867	54,172
	Un-realised gain on investments at fair value through profit or loss	27,700	15,145
	Interest income on treasury bills	50,946	34,573
		297,882	171,768
	Income from other than financial assets:		
	Gain on disposal of property, plant and equipment	2,500	7,965
	Exchange gain on foreign currency translation	7,199	-
	Sale of scrap - net of sales tax	13,147	23,222
	Miscellaneous 30.1	62,474	30,324
		85,320	61,511
		383,202	233,279

30.1 This includes an amount of Rs. 28.27 million (2024: nil) [net of sales tax] received from DAI Pakistan (Private) Limited under the Fleming Fund Country Grant – Pakistan, to support the implementation of the Clinical Engagement Program for Antimicrobial Resistance (AMR) related interventions. Further, all relevant expenses of this project have been recorded under the respective operating expense heads.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
31	OPERATING COSTS		
Salaries, wages and benefits	31.1	8,885,561	7,825,621
Medicines consumed	31.2	6,700,403	6,083,422
Supplies consumed		3,023,211	2,429,431
Utilities		1,353,224	1,329,745
Depreciation / amortisation	16	1,083,652	1,064,542
Repairs and maintenance		1,251,572	1,124,550
Printing and stationery		198,330	223,548
Cleaning and washing		271,309	271,966
Fee, subscription and membership		143,085	141,693
Advertising and sales promotion		41,378	51,070
Communication		60,282	70,615
Travelling and conveyance		60,484	49,356
Legal and professional		44,912	43,771
Rent		26,218	16,400
Rates and taxes	31.3	396,262	24,701
Insurance		30,623	27,555
Amortisation on intangible assets	17	2,461	246
Property, plant and equipment written off	31.4	75,709	7,168
Auditors' remuneration	31.5	7,794	5,812
Charged / (reversal) of provision for slow moving stores		2,671	(1,892)
Loss on disposal of investment property		7,340	2,708
Exchange loss on foreign currency translation		-	26,469
Impairment loss on tangible / intangible assets		-	4,450
Impairment loss on investment		-	41,528
Project cost		-	27,660
Miscellaneous		147,275	89,462
		23,813,756	20,981,597

- 31.1 This includes charge for employee gratuity of Rs. 102.04 million (2024: Rs. 80.64 million), defined contribution plan (pension) of Rs. 129.23 million (2024: Rs. 109.03 million), compensated absences of Rs. 136.52 million (2024: Rs. 103.06 million) and bonus of Rs. 302.79 million (2024: Rs. 170.73 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

- 31.2 This includes stock in trade amounting to Rs. 6.44 million (2024: nil) written off during the year.
- 31.3 This includes an amount of Rs. 384.92 million paid to the Capital Development Authority (CDA) for building regularisation charges (note 15.1.3).
- 31.4 This represents property, plant and equipment written off that were determined to be irreparable after carrying out detailed reassessment / physical verification exercise by the management.

		2025	2024
	Note	(Rupees in '000')	
31.5	Auditors' remuneration		
	Annual audit fee	3,521	2,380
	Half yearly review fee	1,840	1,570
	Statutory certifications	745	850
	Group reporting	450	-
	Out of pocket expenses	482	344
		7,038	5,144
	Sales tax	756	668
		7,794	5,812
32	FINANCE COSTS		
	Markup on long term loans - secured	145,775	249,397
	Interest on lease liabilities 11	102,801	72,436
	Credit card payment collection and bank charges	97,148	99,258
		345,724	421,091
33	INCOME TAX EXPENSE / LEVIES		
	Current tax		
	- for the year	1,765,172	928,755
	- prior year	147,519	-
	14 & 33.1	1,912,691	928,755
	Deferred tax (expense) / income	(78,046)	4,993
		1,834,645	933,748

- 33.1 Reconciliation between current tax charged under the Ordinance with current tax recognised in the consolidated statement of profit or loss, is as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Current tax liability for the year as per the Ordinance			
Portion of current tax liability as per tax law, representing income tax under IAS 12		1,904,974	913,531
Portion of current tax liability as per tax law, representing levy in term of requirement of IFRIC 21 / IAS 37	33.2	7,717	15,224
		1,912,691	928,755

33.2 This represents portion of final tax paid as per the Ordinance, representing levy in terms of requirements of IFRIC 21 / IAS 37.

		2025	2024
34	EARNINGS PER SHARE - BASIC AND DILUTED		
	Profit for the year - continuing operations (Rupees in '000')	2,257,919	1,368,030
	Profit for the year - discontinued operations (Rupees in '000')	-	2,466
	Weighted average number of ordinary shares outstanding during the year (Number in '000')	63,214	63,214
	Earnings per share - basic and diluted (Rupees)		
	- Continuing operations	35.72	21.64
	- Discontinued operations	-	0.04

34.1 There is no dilutive effect on the basic earnings per share of the Group.

35 CAPACITY UTILISATION

The actual inpatient available bed days, occupied bed days and room occupancy ratio of SIHL are given below:

	2025	2024	2025	2024	2025	2024
	Available bed days		Occupied bed days		Occupancy ratio	
H-8 Hospital Islamabad	180,196	183,301	114,543	113,642	63.57%	62.00%
Faisalabad Hospital	20,805	20,630	6,957	7,583	33.44%	36.76%

35.1 Reported utilisation is a result of pattern of patient turnover under different specialties.

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FOR THE YEAR ENDED JUNE 30, 2025

36 UNAVAILED CREDIT FACILITIES

Unavailed credit facilities at year end other than those disclosed in note 9 of the consolidated financial statements are as under:

	2025	2024
	(Rupees in '000')	
Letters of credit	193,485	200,000
Diminishing musharakah	310,482	240,561
Ijarah financing	51,709	51,709
Running musharkah	500,000	500,000
Letter of guarantee	30,368	32,416
	1,086,044	1,024,686
	Number	
37 NUMBER OF EMPLOYEES		
Group's number of employees	5,665	5,348
Group's average number of employees	5,515	5,332

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38 RELATED PARTIES TRANSACTIONS

The related parties comprise of associates, directors, major shareholders, key management personnel, SIHL Employees' Gratuity Fund Trust and the entities over which directors are able to exercise influence.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group. The Group considers its chief executive officer, chief financial officer, company secretary, directors and departmental heads to be its key management personnel. There are no transactions with key management personnel other than their terms of employment / entitlement.

Related party transactions are based on arm's length between the parties as per pricing policy approved by the board of directors of the SIHL. Transactions and balances with the related parties are given below:

		2025	2024
	Note	(Rupees in '000')	
Shifa Foundation:			
Transactions			
Revenue from medical and other services earned by the SIHL		24,062	13,997
Rent expense paid by and reimbursed to the SIHL		1,373	1,215
Acquisition of 937,680 (2024: 1,328,397) ordinary shares of SIHT (Private) Limited		300,000	425,000
Balance			
Receivable - unsecured at the year end		14,422	7,137
Tameer-e-Millat Foundation:			
Tranactions			
Supplies provided to the SIHL		81,787	102,662
Other services provided to the SIHL	38.1	28,755	35,904
Rental services received / earned by the SIHL		14,418	6,353
Balance			
Payable - unsecured at the year end		4,186	7,285

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		2025	2024
	Note	(Rupees in '000')	
Shifa Tameer-e-Millat University:			
Transactions			
Revenue from medical and other services earned by the SIHL		26,063	28,402
Revenue from rent earned by the SIHL		4,256	3,869
Other services provided to the SIHL	38.1	84,924	113,015
Expenses paid and reimbursed to the SIHL		20,487	21,160
Expenses paid and reimbursed by the SIHL		29,788	33,410
Balance			
Payable - unsecured at the year end		42,798	31,566
SIHT (Private) Limited:			
Transactions			
Revenue from medical services earned by the SIHL		770,121	568,496
Expenses paid by and reimbursed to the SIHL		4,534	5,724
Other services provided to the SIHL	38.1	3,544	26,267
Balance			
Receivable - unsecured at year end		59,898	30,329
Shifa Cooperative Housing Society Limited:			
Transactions			
Plot maintenance charges paid by the SIHL		2,571	3,112
Balance			
Receivable / (payable) - unsecured at year end		-	-
Shifa CARE (Private) Limited:			
Transactions			
Corporate shared services provided by the SIHL		-	1,924
Balance			
Receivable / (payable) - unsecured at year end		-	-

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		2025	2024
	Note	(Rupees in '000')	
International Finance Corporation:			
Transactions			
Dividend paid by the SIHL		18,964	22,757
Balance			
Receivable / (payable) - unsecured at year end		-	-
SIHL Employees' Gratuity Fund Trust:			
Transactions			
Payment made by the SIHL		215,360	242,112
Dividend paid by the SIHL		196	235
Balance			
Payable - unsecured at year end		102,728	132,734
Remuneration including benefits and perquisites of key management personnel	38.2	529,349	396,517

- 38.1 This represents services of nursing education, employees' children education and media services.
- 38.2 This includes employee retirement benefits amounting to Rs. 19.09 million (2024: Rs. 14.68 million).
- 38.3 Following is the list of related parties and their shareholding for the year ended June 30, 2025.

Sr #	Name of related party (RP)	Basis of relationship	Percentage of	
			SIHL's shareholding in RP	RP's shareholding in the SIHL
1	Shifa Foundation	Common Directorship	N/A*	6.57%
2	Tameer-e-Millat Foundation	Common Directorship	N/A	12.44%
3	SIHL Employees' Gratuity Fund Trust	Benefit plan	N/A	0.12%
4	Shifa Tameer-e-Millat University	Common Directorship	N/A	0.27%
5	Shifa CARE (Private) Limited	Associate and Common Directorship	50%	Nil
6	SIHT (Private) Limited	Associate and Common Directorship	45.3%	Nil
7	Shifa Cooperative Housing Society Limited	Common Directorship	N/A	Nil
8	International Finance Corporation (IFC)	Associate	Nil	12.00%
9	Ahmed E.H. Jaffer Foundation	Common Directorship	N/A	Nil

*N/A stands for not applicable.

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39 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in these consolidated financial statements in respect of remuneration and benefits, to chief executive, directors and executives of the Group are given below:

	Chief Executive		Executive Directors		Non Executive Directors		Executives	
	2025	2024	2025	2024	2025	2024	2025	2024
	(Rupees in '000')							
Managerial remuneration	45,167	40,816	30,195	6,824	14,412	12,500	765,128	481,470
Annual bonus	2,145	1,815	1,221	-	331	260	26,703	14,090
Defined contribution plan	2,598	2,368	1,532	-	-	-	35,586	23,661
Medical insurance	125	120	94	146	277	394	6,684	4,553
Leave encashment	1,969	-	1,112	-	-	-	17,421	11,136
	52,004	45,119	34,154	6,970	15,020	13,154	851,522	534,910
Number of persons	1	1	1	2	9	11	147	94

39.1 The chief executive, executive director and eligible executives are provided with SIHL maintained vehicles.

39.2 Managerial remuneration includes Rs. 8.70 million (2024: Rs. 5.02 million) paid to directors in respect of meeting fee.

39.3 Executive means an employee, other than the chief executive and directors, whose basic salary exceeds Rs. 1.20 million (2024: Rs. 1.20 million) during the year.

39.4 Travelling and other expenses of Rs. 20.28 million (2024: Rs. 26.50 million) for official purposes are reimbursed by the SIHL to directors.

40 CASH AND CASH EQUIVALENTS

	Note	2025	2024
		(Rupees in '000')	
Investment - at amortised cost	27	47,520	226,102
Cash and bank balances	28	3,761,620	2,157,203
		3,809,140	2,383,305

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41 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities		Equity				Total
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Non-controlling Interest	
2025	(Rupees in '000')						
Balance at beginning of the year	1,052,208	22,743	630,306	632,144	2,738,888	2,470,891	14,665,864
Changes from financing cash flows							
Proceeds from long term financing	537,704	-	-	-	-	-	537,704
Repayments of long term financing	(504,047)	-	-	-	-	-	(504,047)
Payments of lease liabilities	-	-	(236,081)	-	-	-	(236,081)
NCI recognised during the year	-	-	-	-	-	385,743	385,743
Dividend paid	-	-	-	-	-	-	(153,831)
Total changes from financing cash flows	33,657	-	(236,081)	-	-	385,743	29,488
Other changes							
Liability related	15,718	-	305,194	-	-	-	320,912
Amortisation of government grant	-	(15,718)	-	-	-	-	(15,718)
Equity related							
Total comprehensive changes	-	-	-	-	-	110,432	2,317,531
Other changes	-	-	-	-	-	-	36,117
Changes in unclaimed dividend	-	-	-	-	-	-	(4,205)
Total of equity related changes	-	-	-	-	-	110,432	2,349,443
Balance at end of the year	1,101,583	7,025	699,419	632,144	2,738,888	2,967,066	17,349,989

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Liabilities		Equity				Total
	Long term financing	Government grant	Lease liabilities	Share capital	Share premium	Non-controlling Interest	
2024	(Rupees in '000')						
Balance at beginning of the year	1,691,820	48,590	466,986	632,144	2,738,888	2,500,388	14,070,374
Changes from financing cash flows							
Proceeds from long term financing	216,122	-	-	-	-	-	216,122
Repayments of long term financing	(881,581)	-	-	-	-	-	(881,581)
Payments of lease liabilities	-	-	(200,524)	-	-	-	(200,524)
Dividend paid	-	-	-	-	-	-	(181,869)
Total changes from financing cash flows	(665,459)	-	(200,524)	-	-	-	(1,047,852)
Other changes							
Liability related	25,847	-	363,844	-	-	-	389,691
Amortisation of government grant	-	(25,847)	-	-	-	-	(25,847)
Equity related							
Total comprehensive changes	-	-	-	-	-	(29,497)	1,264,974
Other changes	-	-	-	-	-	-	22,299
Changes in unclaimed dividend	-	-	-	-	-	-	(7,775)
Total of equity related changes	-	-	-	-	-	(29,497)	1,308,995
Balance at end of the year	1,052,208	22,743	630,306	632,144	2,738,888	2,470,891	14,665,864

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		2025	2024
	Note	(Rupees in '000')	
42	ADJUSTMENT OF NON-CASH INCOME AND EXPENSE		
Depreciation / amortisation	31	1,083,652	1,064,542
Amortisation on intangible assets	31	2,461	246
Impairment loss on tangible / intangible assets	31	-	4,450
Expected credit losses	26.2 & 43.1.3	141,016	116,289
Property, plant and equipment written off	31	75,709	7,168
Gain on disposal of property, plant and equipment	30	(2,500)	(7,965)
Gain on termination of right of use assets		(1,180)	(75)
Loss on disposal of investment property	31	7,340	2,708
Provision for compensated absences	31	136,518	103,063
Provision for defined contribution plan	31	129,225	109,027
Provision for bonus for employees	31	302,795	170,730
Provision for gratuity	31	102,043	80,644
Charged / (reversal) of provision for slow moving stores	31	2,671	(1,892)
Share of (profit) / loss of associates	19	(16,112)	4,506
Impairment loss on long term investment	31	-	41,528
Gain on investments and bank deposits	30	(297,882)	(171,768)
(Gain) / loss on foreign currency translation	30 & 31	(7,199)	26,469
Finance costs	32	345,724	421,092
		2,004,281	1,970,762

43 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Board meets frequently throughout the year for developing and monitoring the Group's risk management policies. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and

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systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

43.1 Credit risk

Credit risk represents the financial loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. The Group does not have significant exposure to any individual counter-party. To reduce exposure to credit risk, the Group has developed a formal approval process whereby credit limits are applied to its customers. The management also regularly monitors the credit exposure towards the customers and makes allowance for ECL for those credit exposure. Furthermore, the Group has credit control in place to ensure that services are rendered to customers with an appropriate credit history.

43.1.1 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2025	2024
	(Rupees in '000')	
Long term deposits	117,961	126,050
Trade debts	1,461,456	1,346,189
Other receivables	153,116	123,948
Markup accrued	19,219	4,383
Other financial assets	1,075,513	484,991
Bank balances	3,746,906	2,131,016
	6,574,171	4,216,577

The Group is also exposed to credit risk from its operating and short term investing activities. The Group's credit risk exposures are categorised under the following headings:

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43.1.2 Counterparties

The Group conducts transactions with the following major types of counterparties:

Trade debts

Trade debts are essentially due from government companies / institutions, private companies and individuals to whom the Group is providing medical services. Normally the services are rendered to the panel companies on agreed rates and limits from whom the Group does not expect any inability to meet their obligations. The Group manages credit risk in trade debts by limiting significant exposure to the customers not having good credit history. Furthermore, the Group has credit control in place to ensure that services are rendered to customers with an appropriate credit history and makes allowance for ECL against those balances considered doubtful of recovery.

Bank balances and investments

The Group limits its exposure to credit risk by investing in liquid securities and maintaining bank accounts only with counterparties that have a high credit ratings and therefore management does not expect any counterparty to fail to meet its obligations.

The maximum exposure to credit risk for trade debts at the reporting date by type of customer was:

	2025	2024
	(Rupees in '000')	
Government companies	1,004,186	845,715
Private companies	397,992	446,124
Individuals	340,532	290,159
Related parties	14,422	7,137
	1,757,132	1,589,135

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43.1.3 Impairment losses

The ageing of trade debts at the reporting date was:

	2025		2024	
	Gross debts	Allowance for ECL	Gross debts	Allowance for ECL
	(Rupees in '000')			
Not past due	592,897	4,566	498,244	3,178
1 - 2 months	463,688	13,068	357,017	12,967
3 - 4 months	139,545	7,889	218,635	30,316
5 - 7 months	123,122	17,642	148,772	24,285
8 - 12 months	110,930	46,906	98,670	31,039
Above 12 months	326,950	205,605	267,797	141,161
	1,757,132	295,676	1,589,135	242,946

The movement in the allowance for impairment in respect of trade debts during the year was as follows:

	Note	2025 (Rupees in '000')	2024
Balance at beginning of the year		242,946	228,362
Expected credit losses		52,730	93,273
Bad debts written off		-	(78,689)
Balance at end of the year	24	295,676	242,946

43.1.4 The ageing of Shifa Foundation (SF) and SIHT (Private) Limited at the reporting date was:

		2025		2024	
		Gross debts / Other receivables	Allowance for ECL	Gross debts / Other receivables	Allowance for ECL
	Note	(Rupees in '000')			
Shifa Foundation					
1 - 6 months	24	14,422	-	7,137	-
SIHT (Private) Limited					
1 - 3 months	26.1	59,898	-	30,329	-

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43.1.5 The Group maintained balances of Rs. 3,746.91 million (2024: Rs. 2,131.02 million) with Banks and Rs. 1,027.99 million (2024: Rs. 258.89 million) with Asset Management Companies as at June 30, 2025. Management has assessed the credit quality of the counterparties as satisfactory. Geographical analysis and credit rating information is given below:

Banks / financial institutions	Credit Rating Agency	Rating		2025	2024
		Short term	Long term	(Rupees in '000')	
Pakistan:					
Habib Bank Limited (HBL)	JCR - VIS	A1+	AAA	886,697	1,046,878
Meezan Bank Limited	JCR - VIS	A1+	AAA	281,711	500,902
Al - Baraka Bank (Pakistan) Limited	JCR - VIS	A1	AA-	1,970,886	285,440
United Bank Limited (UBL)	JCR - VIS	A1+	AAA	21,062	57,686
MCB Bank Limited	PACRA	A1+	AAA	19,260	13,854
Dubai Islamic Bank Pakistan Limited	JCR - VIS	A1+	AA	83,241	34,444
Askari Bank Limited	PACRA	A1+	AA+	14	14
Faysal Bank Limited	JCR - VIS	A1+	AA+	37,032	53,778
Bank Alfalah Limited	PACRA	A1+	AAA	48,196	6,030
Bank Al Habib Limited	PACRA	A1+	AAA	384,791	122,398
National Bank of Pakistan (NBP)	JCR - VIS	A1+	AAA	13,890	9,592
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	126	-
UBL - Al Ameen Islamic Cash Fund	JCR - VIS	-	AA+(f)	220,283	199,566
NBP Islamic Money Market Fund	PACRA	-	AA(f)	783,072	-
HBL Cash Fund	JCR - VIS	-	AA+(f)	24,636	59,323
HBL Money Market Fund	JCR - VIS	-	AA+(f)	2	-

43.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to manage liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. For this purpose, the Group has credit facilities as mentioned in notes 9 and 36 to these consolidated financial statements. Further, liquidity position of the Group is monitored by the Board through budgets, cash flow projections and comparison with actual results.

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Following is the maturity analysis of financial liabilities:

	Carrying amount	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
(Rupees in '000')						
2025						
Long term financing- secured	1,108,609	136,369	118,795	276,752	546,986	29,707
Deferred liabilities	44,846	-	-	44,846	-	-
Trade and other payables	3,948,428	3,948,428	-	-	-	-
Unclaimed dividend	48,935	48,935	-	-	-	-
Mark up accrued	7,974	7,974	-	-	-	-
	5,158,792	4,141,706	118,795	321,598	546,986	29,707
2024						
Long term financing-secured	1,074,951	361,803	133,392	243,370	336,386	-
Deferred liabilities	34,434	-	-	34,434	-	-
Trade and other payables	3,662,078	3,662,078	-	-	-	-
Unclaimed dividend	44,730	44,730	-	-	-	-
Mark up accrued	23,858	23,858	-	-	-	-
	4,840,051	4,092,469	133,392	277,804	336,386	-

Maturity analysis of lease liabilities is given in note 11.

43.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, markup rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. The Group is exposed to currency, mark up rate and market price risk.

43.3.1 Foreign currency risk

Exposure to foreign currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and cash in foreign currency bank account. The Group's exposure to foreign currency risk is as follows:

	2025		2024	
	(Amount in '000')			
	Euro	USD	Euro	USD
Bank balances	-	1,289	-	3,285
Letter of credit	-	-	(555)	(1,460)
	-	1,289	(555)	1,825

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	2025	2024
	(Rupees in '000')	
Bank balances	- 365,444	- 913,689
Letter of credit	- -	(165,397) (406,837)
	- 365,444	(165,397) 506,852

Following are significant exchange rates applied during the year:

	Average rate		Closing rate	
	2025	2024	2025	2024
	(Rupees)			
USD 1 - Buying	279.14	283.02	283.53	278.15
USD 1 - Selling	279.57	283.45	283.97	278.59
Euro 1 - Buying	-	306.25	-	297.45
Euro 1 - Selling	-	306.72	-	297.92

Foreign currency sensitivity analysis

A 10 percent variation of PKR against USD at June 30 would have effected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular markup rates, remains constant.

	Change in Foreign Exchange Rates	Effect on Profit	Effect on Equity
	%	(Rupees in '000')	
2025			
Foreign currencies	+10%	22,292	22,292
Foreign currencies	-10%	(22,292)	(22,292)
2024			
Foreign currencies	+10%	20,829	20,829
Foreign currencies	-10%	(20,829)	(20,829)

43.3.2 Markup rate risk

The markup rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term financing, short term investments and deposits with banks. At the reporting date, the markup rate profile of the Group's markup bearing financial instruments are:

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		2025	2024
	Note	(Rupees in '000')	
Financial assets			
Investment - at amortised cost	27.1	47,520	226,102
Bank balances	28	2,561,332	813,897
		2,608,852	1,039,999
Financial liabilities			
Financing - secured	9	(1,108,609)	(1,074,951)
		1,500,243	(34,952)

The effective markup rates for the financial assets and liabilities are mentioned in respective notes to the financial statements.

Markup rate sensitivity analysis

If markup rates had been 50 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended June 30, 2025 would decrease / increase by Rs. 0.43 million (2024: Rs. 1.11 million). This is mainly attributable to the Group's exposure to markup rates on its variable rate borrowings.

43.3.3 Price risk

The Group's price risk arises from investments in units as disclosed in note 27.2 which are designated at fair value through profit or loss, however, in accordance with the investment strategy, the performance of units is actively monitored and they are managed on a fair value basis.

Price risk sensitivity analysis

If the fair value of mutual fund investments at the year end had fluctuated by 1% higher or lower, with all other variables held constant, the profit for the year would have been higher or lower by Rs. 6.27 million (2024: Rs. 1.58 million), primarily due to changes in the fair value of investments.

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43.4 Financial instrument by category

	Amortised cost	Fair value through profit or loss	Total
2025	(Rupees in '000')		
Financial assets			
Maturity upto one year			
Trade debts	1,461,456	-	1,461,456
Deposits and other receivables	153,116	-	153,116
Markup accrued	19,219	-	19,219
Other financial assets	47,520	1,027,993	1,075,513
Cash and bank balances	3,761,620	-	3,761,620
Maturity after one year			
Long term deposits	117,961	-	117,961
	5,560,892	1,027,993	6,588,885
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,948,428	-	3,948,428
Unclaimed dividend	48,935	-	48,935
Markup accrued	7,974	-	7,974
Current portion of long term financing - secured	255,190	-	255,190
Current portion of lease liabilities	192,895	-	192,895
Maturity after one year			
Long term financing - secured	853,419	-	853,419
Deferred liabilities	44,846	-	44,846
Lease liabilities	506,524	-	506,524
	5,858,211	-	5,858,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

	Amortised cost	Fair value through profit or loss (Rupees in '000')	Total
2024			
Financial assets			
Maturity upto one year			
Trade debts	1,346,189	-	1,346,189
Deposits and other receivables	123,948	-	123,948
Markup accrued	4,383	-	4,383
Other financial assets	226,102	258,889	484,991
Cash and bank balances	2,157,203	-	2,157,203
Maturity after one year			
Long term deposits	126,050	-	126,050
	3,983,875	258,889	4,242,764
Financial liabilities			
Maturity upto one year			
Trade and other payables	3,662,078	-	3,662,078
Unclaimed dividend	44,730	-	44,730
Markup accrued	23,858	-	23,858
Current portion of long term financing - secured	495,195	-	495,195
Current portion of lease liabilities	146,911	-	146,911
Maturity after one year			
Long term financing - secured	579,756	-	579,756
Deferred liabilities	34,434	-	34,434
Lease liabilities	483,396	-	483,396
	5,470,358	-	5,470,358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

43.5 Fair value

Fair value versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	2025		2024	
	Carrying value	Fair value	Carrying value	Fair value
(Rupees in '000')				
Assets carried at amortised cost				
Long term deposits	117,961	117,961	126,050	126,050
Trade debts	1,461,456	1,461,456	1,346,189	1,346,189
Deposits and other receivables	153,116	153,116	123,948	123,948
Markup accrued	19,219	19,219	4,383	4,383
Other financial assets	47,520	47,520	226,102	226,102
Cash and bank balances	3,761,620	3,761,620	2,157,203	2,157,203
	5,560,892	5,560,892	3,983,875	3,983,875
Assets carried at fair value				
Other financial assets	1,027,993	1,027,993	258,889	258,889
Liabilities carried at amortised cost				
Long term financing - secured	853,419	853,419	579,756	579,756
Deferred Liabilities	44,846	44,846	34,434	34,434
Lease liabilities	506,524	506,524	483,396	483,396
Trade and other payables	3,948,428	3,948,428	3,662,078	3,662,078
Unclaimed dividend	48,935	48,935	44,730	44,730
Markup accrued	7,974	7,974	23,858	23,858
Current portion of long term financing - secured	255,190	255,190	495,195	495,195
Current portion of lease liabilities	192,895	192,895	146,911	146,911
	5,858,211	5,858,211	5,470,358	5,470,358

The basis for determining fair values is as follows:

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread. For instruments carried at amortised cost, since the majority of the interest bearing investments are variable rate based instruments, there is no difference in carrying amount and the fair value. Further, for fixed rate instruments, since there is no significant difference in market rate and the rate of instrument and therefore most of the fixed rate instruments are short term in nature, fair value significantly approximates to carrying value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

44 FAIR VALUE HIERARCHY

Other financial assets

Fair value of investment in mutual funds (note 27.2) has been determined using quoted repurchase price at reporting date and categorised under level 1 of fair value hierarchy.

Fair value of land

Lands owned by the Group are valued by independent valuers to determine the fair values of lands as at reporting date. The fair value of lands subject to revaluation model fall under level 2 of fair value hierarchy.

There were no transfer amongst the levels during the year. Further, there were no changes in the valuation techniques during the year.

45 DISCLOSURE REQUIREMENT FOR COMPANIES NOT ENGAGED IN SHARIAH NON-PERMISSIBLE BUSINESS ACTIVITIES

Following information has been disclosed as required under amended part I clause VII of Fourth Schedule to the Companies Act, 2017 as amended via S.R.O 1278(I)/2024 dated August 15, 2024:

		2025	2024
	Note	(Rupees in '000')	
Financing as per islamic mode			
Long term financing (including current portion)	9	1,058,622	983,136
Short term shariah compliant investments			
Investment in Mutual Fund - at fair value through profit or loss	27	1,003,355	199,566
Shariah compliant bank balances			
Bank balances	28	2,691,664	185,244
Shariah compliant revenue			
Revenue - net	29	27,967,661	23,553,578
Dividend earned on shariah compliant investments			
Dividend income from mutual fund - investments at fair value through profit or loss	30	27,690	54,172
Profit earned from shariah compliant bank balances			
Profit on bank balances	30	179,005	41,353

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

		2025	2024
	Note	(Rupees in '000')	
Exchange gain earned from actual currency			
Exchange gain / (loss)	30 & 31	7,199	(26,469)
Profit paid on islamic mode of financing			
Long term financing	32	145,023	248,179
Source and detailed breakup of other income			
Shariah compliant			
Un-realised gain on investments at fair value through profit or loss	30	25,803	15,145
Others	30	286,725	156,383
Non-Shariah compliant			
Un-realised gain on investments at fair value through profit or loss	30	1,897	-
Profit on bank balances	30	9,364	25,954
Interest income on treasury bills	30	50,946	34,573
Others	30	8,467	1,224

Relationship with sharia compliant financial institutions / takaful operators

Name	Relationship
Al-Baraka Bank (Pakistan) Limited	Funded facility and Bank balance
Meezan Bank Limited	Funded / Non-funded facility and Bank balance
Habib Bank Limited	Funded / Non-funded facility and Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance
Faysal Bank Limited	Bank balance
Bank Alfalah Limited	Funded facility and Bank balance
First Habib Modaraba	Funded facility
EFU General Insurance Limited	Takaful
Jubilee General Insurance Company Limited	Takaful

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025

46 OPERATING SEGMENTS

These consolidated financial statements have been prepared on the basis of single reportable segment. All revenue of the Group is earned in Pakistan. All non-current assets of the Group at June 30, 2025 are located in Pakistan. There is no other segment with more than 10% of total revenue of the Group for the year.

47 NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The board of directors of the SIHL in their meeting held on September 06, 2025 has proposed a final cash dividend for the year ended June 30, 2025 @ Rs. 5 per share, amounting to Rs. 316.07 million for approval of the members in the Annual General Meeting to be held on October 25, 2025. The consolidated financial statements for the year ended June 30, 2025 do not include the effect of the final dividend which will be accounted for in the year in which it is approved.

48 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever considered necessary, for better presentation. However, following reclassification has been made during the year.

2024		
Description	Note	(Rupees in '000')
Reclassification from Stock in trade to Stores, spare parts and loose tools	22 & 23	23,545

49 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were approved and authorised for issue by the board of directors of the SIHL on September 06, 2025.

50 GENERAL

Figures have been rounded off to the nearest one thousand Pak Rupees unless otherwise stated.


CHAIRMAN


CHIEF EXECUTIVE


CHIEF FINANCIAL OFFICER